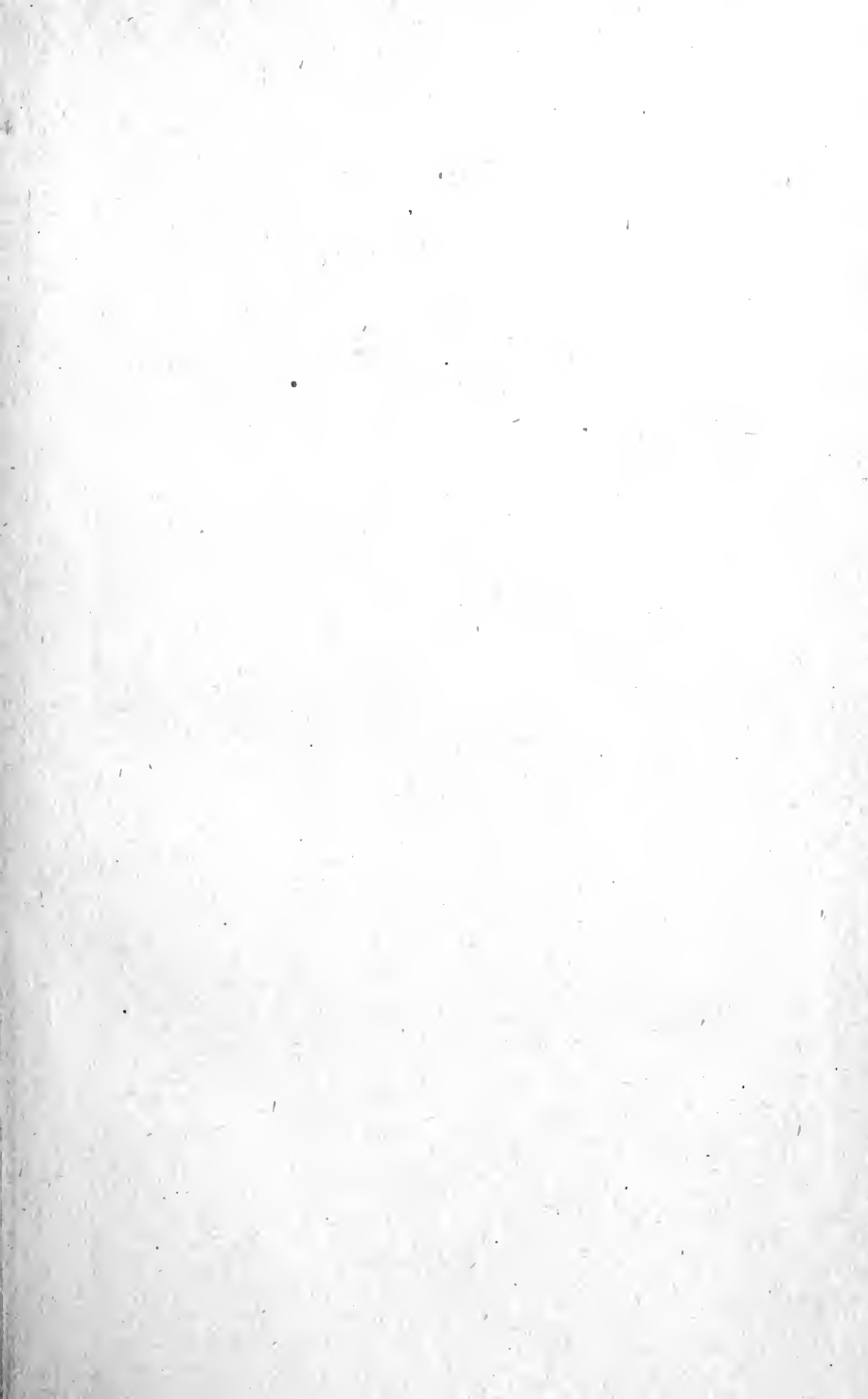
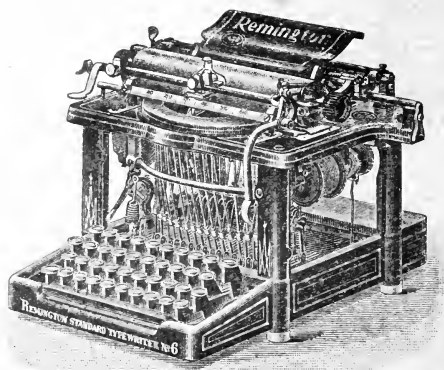


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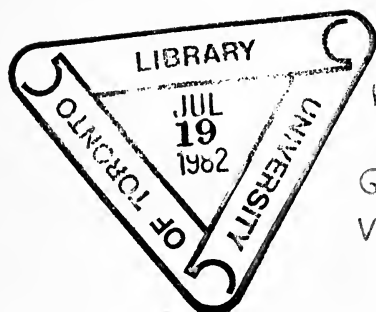
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SOCIAL ECONOMIST

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JANUARY, 1895

Our Banking and Currency Plan.

The experience of the last few years has demonstrated the weakness of our banking and currency system. So long as we had continued prosperity and a surplus in the Treasury, our national banking system appeared to work fairly well and the three hundred and fifty to five hundred millions of government currency was practically harmless, but as soon as we reached the period of a Treasury deficiency and the need of a flexible currency, the weakness of our banking system revealed itself.

It is now apparent to everybody competent to form an opinion on financial affairs, that in reality nobody in the country is called upon to redeem in coin except the government, and consequently that gold for every need can be wrung from the national Treasury, even though the vaults of the banks were full. The national bank currency has proved to be practically inflexible, because the system by which a hundred and fifteen dollars is required to obtain a circulation of ninety dollars makes it too expensive to be worth the undertaking, and state bank issues are prohibited by the ten per cent. tax, so that we have a practically inelastic currency.

If the volume of the currency is large enough to be adequate to the maximum need of the country, at the periods of greatest urgency, then a large portion of it must lie idle during a part of the year and thus make bank-notes almost unusably expensive.

The inevitable result of this is that in the country districts where deposits are light and bank-notes are most

needed, the rate of interest is abnormally high, while in the large cities where the banks can with difficulty keep all their deposits loaned, the rate of interest is low. This makes the population, which at certain times of the year needs money the most, and are less able to pay high rates of interest, pay two and three times as much for the money as capitalists in the great commercial centres. This is one of the chief grounds of discontent. In the West and South this has given impetus to the Populist movement. It has been conceded, too, that these congestions of costless deposits in cities stimulate speculation.

It is now admitted that the time has come for such a thorough reorganization of our banking and currency system as shall adapt it to the varying commercial needs of the country, at the minimum cost and maximum safety to the community.

The first principle to be recognized in sound banking is that banking is a business, and like all other kinds of business, its products will be cheap or dear to the consumer according as the cost of production is great or small. The product of a bank is its loans, and in rural banking this means its notes. The cost of bank-notes, therefore, should be as small as possible, consistent with security. In order to enable banks to supply good money cheaply, no unnecessary burden should be placed upon them. Every additional expense that a bank is compelled to incur is so much added to its cost of doing business and must show itself in the price of its product—the rate of interest. Of course, the principle of the cost of the dearest portion continuously supplied applies here, as in every other field of economic action.

The great banks in the commercial centres do not need to issue notes, as they can loan their immense deposits. The note-issuing facilities are required by the country banks whose deposits are really very small. Exactly here the flexibility of a currency is required. Hence, in order to insure its flexibility, banks must be able to loan substanti-

ally costless notes, so that their circulation brings in a profit and their redemption does not involve a loss. Any system of banking which shall secure these conditions must have constant coin redemption, and in order that coin redemption shall not bear too heavily on the small banks they must all be branches of the banks which redeem their notes. That coin redemption is necessary to truly economic banking was admitted by all who testified before the Banking and Currency Committee at the recent hearing. It is also admitted that coin redemption is impossible without the retirement of the government greenbacks. Mr. Carlisle admitted this in his testimony before the committee. Yet, strange to relate, despite the unanimous conviction upon this point among bankers, financiers, and economists, the majority of the committee have reported to the House Mr. Carlisle's bill, which utterly fails to provide for this all-important requisite. The only provision for this important reform in Mr. Carlisle's bill is the clause providing that "*The Secretary of the Treasury may, in his discretion, use any surplus revenue of the United States in the redemption and retirement of United States legal-tender notes.*"

This is a little worse than nothing. It shows that the Secretary sees that the government greenbacks should be withdrawn and pretends to give a provision for retiring them, which he, and everyone else knows, will not retire them. There will have to be a new administration and a very different public policy before there can be a surplus in the Treasury, and when there is a surplus in the Treasury bogus reformers are sure to spring up and demand a reduction of the tariff, or some other means of reducing the revenues, instead of retiring the greenbacks. Besides, a retirement of greenbacks in this manner contracts the currency, and when attempted by Secretary McCulloch in 1867-8 was peremptorily forbidden by an act of Congress. In failing to make any practical provision for the retirement of the government greenbacks, Mr. Carlisle's bill

fails to insure coin redemption, which is indispensable to an elastic, safe and cheap currency. In the absence of this, the abolition of the requirement for deposit of bonds as a basis of national circulation and the removal of the ten per cent. tax on state banks are but inducements to inflation. They restore us to the "wild cat" currency of 1840-60. The five per cent. so-called Safety Fund counts upon a rate of loss which was kept down, by reason of either coin redemption or bond security. The provision for deposit of thirty per cent. of the circulation in legal tenders is an arbitrary regulation which furnishes no security. To the extent that they furnish security, they destroy flexibility. They are of the same character as the bond deposit and constitute an arbitrary and obstructive political element in banking system which should be entirely business. No expert can estimate the rate of loss under an untried experiment which includes neither coin redemption nor bond security among its safeguards.

Mr. Carlisle's bill is a political, rather than a banking measure. It appears to be designed more to remove the tax on state banks than to furnish a sound banking and currency system. Since this bill lacks the essential features of a sound currency system, it should be unconditionally rejected. Every republican, and all democrats who believe in taking banking out of politics, should vote this method down and demand a re-organization of our banking system on business and banking principles only. There never was a more opportune time for such a measure than the present, because the fundamental principles of such a system are now recognized in banking and financial circles and the people are ready for good monetary legislation. It is everywhere conceded that sound banking demands :—

(1.) That the currency shall be elastic, so that it may expand when the commercial needs of the country most require it, and, to avoid inflation and depreciation, contract when it is not needed.

(2.) That to secure the lowest possible rate of interest banks should be enabled to loan practically costless notes so that their contraction will not involve loss, forcing either high rate of interest or failure.

(3.) That the only means of securing such elasticity and cheapness with safety is constant coin redemption which involves the complete retirement of the government greenbacks.

These features being essential to scientific banking, no measure which does not contain them should receive the sanction of Congress, by whatever party it may be presented.

Since these essential features are not furnished either by Mr. Carlisle's bill, which is reported to Congress, or by the Baltimore plan,* we have drafted a bill providing for the reorganization of our banking system which is entirely disconnected with politics, makes banking a business and provides for all of the above conditions.

It is as follows:†

Bill Relating to Banking and Currency.

Title "To retire the government's non-interest paying debt; to federalize and unify the note-issuing banks of the United States; to create a national fiscal institution for insuring coin redemption on notes passing as money, and to promote the freer coinage of silver.

Be it enacted, etc.

1. That from and after the first day of March, 1895, no note of the United States shall be legal tender in payment of any debt public or private, but that all debts public and private shall be thereafter paid in gold coin for all sums in excess of five dollars, and in silver coin for those below five dollars.

*Mr. Horace White's bill made a partial provision for the retirement of the government greenbacks.

† This bill was presented as a part of Mr. Gunton's testimony before the Committee on Banking and Currency.

2. That on and after July first, 1895, not more than 90 cents in coin will be paid at the Treasury in purchase of one dollar in legal tender notes, and in like proportion for all multiples thereof, such sum to diminish by ten per cent. per month until it reaches zero. At like dates the national banks shall only be called on for like sums on their notes in coin.

3. Until 1st March, 1895, legal tender notes shall be fundible at par in sums of \$100, and upwards in multiples of \$100, into U. S. interminable bonds bearing three per cent. interest per annum, which the Secretary is hereby authorized to issue, for that purpose only, in the sum (of \$346,000,000), corresponding in amount to the sum of legal tender notes outstanding; and national banknotes shall be fundible at par into banknotes authorized by this act.

4. An annual federal tax of ten per cent. shall be collected by the collectors of internal revenue on circulating notes issued by any banker or bank, and an annual tax of one-fourth of one per cent. on all deposits of any bank, and a further annual tax of one-fourth of one per cent. on all loans made, and commercial paper bought, by any bank, which shall fail to organize as a branch of the Federal Union of Associated Banks of the United States herein provided for.

5. The Federal Union of Associated Banks shall consist of four grades of institutions for banking, viz.: local, metropolitan, state, and a Bank of the American Union. Local banks shall consist of such as have a capital of not less than \$50,000 nor more than \$250,000, but every local bank shall be a branch of some metropolitan bank. Metropolitan banks shall consist of such as have a capital of not less than \$250,000, but every metropolitan bank shall be a branch either of some state bank or of the Bank of the American Union. A state bank shall have a capital of \$1,500,000 or more and shall be a branch of the Bank of the American Union. The Bank of the American Union shall have a capital of \$100,000,000 of which one-fifth shall

be paid in in gold coin and four-fifths in National Bonds of the United States at par, in British Consols at par or in bonds of American cities having more than 1,000,000 population, and shall be composed of such metropolitan and state banks as shall become stockholders in it, and shall be represented in its Board of Directors, and of such other persons and corporations, public or private, as shall subscribe to its stock. It shall be the chief depository of the government moneys. But so far as Government convenience may require other depositories, they may be the state and the metropolitan banks.

6. Each branch bank shall become a member of the bank next above it in grade by investing one-fifth of its capital in the stock of such bank of higher grade, and its president shall be entitled to be one director therein, provided that all the stocks held by branch banks in any bank of higher grade shall not exceed a third of the total stock of such higher bank and shall be abated in the degree required to keep the aggregate at one-third, and every bank of higher grade shall subscribe for and own reciprocally a block of stock in the bank of lower grade equal in par value to the stock which the latter owns in the former.

7. A third of the directors of the Bank of the American Union shall be presidents of the state and of the metropolitan banks.

8. The Bank of the American Union shall redeem in coin the notes of all state, metropolitan and local banks, and each bank of higher grade shall redeem in coin on demand all notes of lower banks which are its branches. To protect each in such work of redemption it may require its branch bank to maintain with it a satisfactory deposit, and on failure of such lower bank to protect such work of redemption, the prosecuting bank may have a receiver appointed therefor by the Federal Court and press its claim for reimbursement in coin for past redemptions to liquidation and the dissolution of such delinquent. But this right is not to preclude any note holder or the Comptroller of the Currency from employing the like remedy.

9. All customs duties shall be paid in coin only, but internal revenue taxes shall be receivable in bank notes of solvent banks.

10. All acts and parts of acts providing for bond security for note redemption are hereby repealed, but the visitatorial power of the Comptroller of the Currency, heretofore exercised under the national banking law, is continued as to notes designed to circulate as currency under this act. In states which authorize a state banking department, such department shall be deemed and assumed to have concurrent jurisdiction with the Comptroller of the Currency in all that relates to the investments and securities which constitute the capital stock of the banks located in such state and the deposits, loans, discounts, rates of interest and liabilities to depositors in the same.

11. When \$346,000,000 of the aforesaid interminable bonds shall have been purchased by the associated banks of the United States, and \$100,000,000 of capital in the Bank of the American Union shall have been subscribed by existing banks, or by banks organized to avail themselves of this act, and when all the government notes presented to the Federal Union of Associated Banks for substitution by their own bank-notes shall have been surrendered to the Treasury of the United States to be cancelled and the banks authorized by this act shall have issued their own bank-notes in lieu thereof, the Comptroller of the Currency shall issue a circular letter declaring the system of associated banking herein provided for to be in full operation, and thereupon all bonds and securities heretofore deposited with such Comptroller to secure the redemption of national bank-notes in coin shall be returned to the respective banks owning them, and the notes thereupon issued by such banks, so far as the same have been returned to them, shall be surrendered to the Comptroller and destroyed.

12. Each state, metropolitan and local bank organizing under this act shall be deemed ready to issue notes under the same when it shall have purchased and deposited with

the Comptroller of the Currency for cancellation a sum in legal-tender notes bearing the same proportion to the volume of legal tenders now issued as the capital of such bank bears to the total capital of all the banks required or designed to be confederated under this system, to be certified by the Comptroller of the Currency; and shall be ready to receive and loan deposits under the same when both the Comptroller of the Currency and the chief officer of the State Banking Department of the state in which such bank is located shall certify that it has paid in and invested in securities satisfactory to both such departments, the capital on which it proposes to be based, pursuant to the laws of such state relative to the investment of securities constituting the capital.

13. The Bank of the American Union shall have exclusive power to deal in foreign exchange, to issue drafts to, and receive deposits from, residents and governments of foreign countries, and to establish branches and offices in foreign ports, with capital of their own, of which a part shall be subscribed by the resident banks and merchants of the countries in which such foreign branches shall be located and with which they do business.

14. The government of the United States, through its Comptroller of the Currency, shall have charge of the printing and distribution of all bank-notes to be issued under this system, and its Comptroller of the Currency shall deliver the notes at a cost to be determined by the cost of engraving only, to the officers of all banks, with proper spaces prepared for the signatures of at least two of the officers of the bank issuing it, and of one officer of the higher grade of banks of which it is a branch, and of the State Superintendent of Banking, all of whom shall sign it before it shall become the note of the bank; and shall report such signing on the same day with the denominations and quantities of notes signed, to the Comptroller of the Currency.

15. The Comptroller of the Currency shall publish

daily and be prepared to respond by telegraph momentarily during business hours of each day to any inquiry from any bank as to the volume of duly signed notes issued to any other bank for loaning.

16. The state banking department of each state shall adopt such regulations as to the mode of making deposits and loans and the degree in which the facts relating to deposits and loans shall be reported by officers of banks located in such state and published, as it deems proper.

17. The bank-notes authorized by this act shall be of different basic colors calculated to distinguish at sight whether the note is issued by the Bank of the American Union or by some state, metropolitan or local bank, to wit:

The basic color of the notes of the Bank of the American Union shall be gold or yellow.

The basic color of the notes of state banks shall be pale green.

The basic color of the notes of metropolitan banks shall be pink, violet or purple.

The basic color of the notes of local banks shall be silver or white.

Every note so issued shall be the promise of the bank issuing it to pay the sum of.....dollars, in coin of gold or silver, according to its denomination, to the bearer on demand; to be printed in clear and conspicuous language unobscured by ornament.

18. All silver coin which shall be hereafter issuable by the United States mints, at the option of any bank which is the holder of silver bullion, shall have stamped upon it at the cost and with the mechanism furnished or paid for by such bank, the name of the bank which procures its coinage and the number of grains of standard silver (assayed by the mint) which it contains.

19. Every such coin, whether dollar, half dollar, quarter or dime, shall be distinguished from the present standard and subsidiary coin, of which it is the freely coined counterpart, by the legal designation "Free," while the

present coinage shall retain its designation "Standard" or "Subsidiary" as the fact may be.

20. Every free silver dollar shall contain 90 per cent. of the quantity of silver bullion, as nearly as may be, which the standard gold dollar would buy in open market on the day of its issue, and subsidiary coins in the same proportion.

21. Every bank issuing free silver coins shall be held to redeem the free silver coin bearing its imprint in gold coin when presented in sums of five dollars and upward.

22. Any bank issuing notes of denominations less than five dollars may redeem them in free silver coins when presented for redemption in sums not exceeding five dollars.

This measure furnishes the maximum elasticity by removing all arbitrary restrictions on bank-notes. It furnishes complete security for the notes by making all the banking capital of the country responsible for every dollar of the currency. In this way it leaves the amount of reserve and redemption fund to be determined by the interest of the banks instead of by act of Congress, because the experience of the associated banks will furnish a more accurate judgment of how much reserve and security funds are necessary. It avoids the oppression of the smaller banks in maintaining coin redemption by making every lesser bank a branch of the larger bank which alone can be oppressive toward it. Congress is no more capable of determining what will constitute a proper reserve fund, or safety fund, than it is to determine how much stock a business man should carry per million dollars of business. If the reserve fund is too large, then it adds an unnecessary expense to the banks. If it is too small, it becomes an element of weakness for which the associated banks will have to pay the penalty.

An effectual check against inflation is furnished by the ample provision for coin redemption and the inter-

relation of the banks and the reciprocal representations in the management and the endorsement of the notes of the lower by the higher banks. Such a system would be safer than any government system could possibly be, because it has all the incentives for bringing to bear the most expert judgment, best management, greatest precaution that the interest of the entire banking capital of the country can develop, because neglect of this coin redemption brings with it the penalty of mismanagement and failure.

This bill also provides, as no other does, an incentive to the most liberal use of silver that the people will take, by giving bankers the right to issue silver dollars at ten per cent. profit to the banker on the bullion used in these new coins, but holding them to redemption in gold on demand. This gives the banks an interest in using the maximum amount of silver in coin redemption, and at the same time secures every holder of the silver dollar against loss arising from any variation in the value of silver. If silver bullion depreciates, the dollar will come in for redemption. This would not be likely to incur any perceptible loss to the bankers, since they would have the advantage of ten per cent. during the whole time of their circulation. If silver rises, the dollar may go into the melting pot and the holder will make a profit above the profit of the banker, and the banker can continue to issue more on the same basis.

By this means the whole banking system will have a distinct interest in using silver, and country banks will have the power to issue notes whenever the business of their section requires it. Thus we will have the maximum elasticity consistent with complete safety, guaranteed through constant coin redemption, backed by the united banking capital of the nation. This will put the banking system of the country on the same general principle which governs the inter-dependent relations of our municipal, state and federal institutions.

Although the national government does not interfere with the personal conduct of individuals, that being left almost entirely to local and state authorities in the last instance, all the resources of the national government are ultimately pledged to the protection of the rights of every individual American citizen. In the same way, while the local banks have practical control of their individual affairs, through their inter-relation of interest management and supervision, every dollar of the entire banking capital of the nation is ultimately pledged for the security of every note issued by the smallest country bank. For all the purposes of banking and currency this makes the small banks in the rural regions as efficient as the strong banks in metropolitan centers.

The Official Political Economy of Indiana.

THE DISTRIBUTION OF WEALTH. BY JOHN R. COMMONS, PROFESSOR OF ECONOMIC AND SOCIAL SCIENCE IN INDIANA UNIVERSITY. 258 pp. MACMILLAN & CO. 1893.

Political economy has passed through numerous changes in its subject matter, or the substance of the topic discussed under that name, and Prof. Commons seems quite willing that it shall receive still a new birth, or be projected into a new cycle wherein it shall mean something which it certainly has never heretofore meant, viz.: a study of the degree in which the accession of an individual to economic power or the command of wealth is properly ascribable to his jural and legal relations.

In Aristotle political economy seems to emerge as a study of the relative desirableness of economic occupations, conditions and institutions, which he decides in favor of agriculture, philosophy and politics as employments, of slaveholding, travel and learning as conditions, and of aristocracy, private property and government only by men

as institutions. In France, under the Physiocrats, political economy was also an inquiry into the relative utility of occupations, but modified by the influence of Colbert's example which helped to make it a theory of national prosperity through diversification of industries. In England political economy has never swerved far from a theory of class rule over a colonial empire, employing military and treaty power, protection to home manufactures or free trade in agricultural products, or subsidies to ships, or coercion of inferior races, in whatever degree would promote British trade.

Malthus first shifted political economy into a philosophy of social distress. Humanity required people to die prematurely of disease, poverty and other economic checks on population, since if they all died comfortably of old age they would take up too much room and consume too much food.

Ricardo annexed political economy to deductive logic. The one thing required to be known was the power of the Syllogism. If the industrial log saws up into rent, interest, profits and wages in distribution, then rent, interest, profits and wages must compose it in production. This would not be true of a pine log which saws up into beams, slabs, scantling and sawdust in distribution, but is composed in its production of carbon, nitrogen, silica and other substances delicately interwoven by sunshine, gravity and capillary attraction. But biological similes should not be wrested out of their place to darken economics. Ricardo resolved wealth in its distribution back into the forces which had created it—rent, profit, wages and interest—as implicitly as, at the close of a donation party, Mrs. Jones takes back her cups and saucers, Mrs. Snooks her spoons and Robinson his skillet.

In opposition to Ricardo's sedative, which assumed that those who get nothing must contribute nothing, arose a swarm of schools, each charging the others with Socialism, some of which thought, with Mill and George, the

values which enter into land do not come to those who contribute them; others with Laselle, Marx and Owen, that the values which assume the form of profits are not due to the labors of those who get them; others with Marx, Hyndman and Grunlund, that the values due to labor do not all take the form of wages, and others still with Kellogg that interest on money is a form of bondage, while Prudhon and Bakounin comprehend these several complaints in the one charge that all property is robbery and all confiscations are just. Thus the justice of every part of the scheme of economic distribution is attacked. For fifty years past political economy has been, more and more, an ethical inquiry into the social justice of the actual economic distribution of wealth which now goes on in society.

Mr. Carey conceived that the actual distribution of wealth is sufficiently defended in showing that in modern production labor receives, relatively to capital, an ever-increasing share of an ever-increasing product. Bastiat, in France, and Mr. Edward Atkinson, in America, follow Carey in this generalization with as much pride as if the chick were one of their own hatching. Unfortunately for its ethical value as a social sedative, it omits to record that the laborer's share per unit of product—*i. e.*, per yard, per ton, or even per dollar's worth—may increase in its ratio to the share of the capitalist in that same yard, ton or dollar's worth of product, yet if the number of yards, tons or dollars' worth of product in which the capitalist gets his diminished share becomes, as his capital expands, a thousand or twenty thousand fold greater than the number of yards, tons or dollars' worth in which any one laborer gets his increased share, then the disparity in condition between employer and employed would, so far as the Carey-Atkinson law is concerned, continually become greater.

A straight line is cut through the tangled jungle of these conflicting theories by the clear development, as the Kepler's law in economic science, of the following leading principles, *viz.* :

First.—The wealth that is massed, by concentrating large values into a single hand, is always productive wealth in social use and never enjoyable wealth capable of being consumed for satisfying a want of the individual. What it confers is power, and not pleasure or sustenance or necessary support.

Second.—The function of productive wealth is always to diffuse and make more abundant some form of enjoyable wealth, and it is effective in performing this function in the degree that it is concentrated; hence

Third.—Equality and abundance in the use of enjoyable wealth is proportionate to the concentration in ownership of productive wealth, so far as such concentration in ownership is really economic to society, and so far as it is wasteful it ceases and the wealth undergoes dispersion.

Fourth.—This increased equality in the diffusion, and abundance in the supply, of enjoyable wealth, stated in its money form, is identical with high wages of labor, high standard of life, high values to land at points where population concentrates and low prices of commodities measured by effort spent in production.

Hence. The liberty of man grows with the growth of capital and with the complexity and number of the monopolies he creates—for every monopoly is only a conversion into a profitable and active form of private right of some element of value which slumbered and lay dormant so long as it was public or common right. This is true of land labor, forests, mines, highways, books. Everybody sees how unproductive land, labor, forests and mines remain, until privately owned, either by purchase or by hiring. Highways, also, that are open to be travelled by all with their own conveyances, sink into insignificance as productive forces compared with what they become when privately appropriated for steam travel, as railroads. Books were rare, dear and dormant so long as every scribe was free to copy them, and as to copyright they were the common property of all men. But when the right to copy

them by printing was appropriated and monopolized, so that the manufacture of them, instead of being the slow toil of slaves, became the means of princely fortunes to publishers, then simultaneously with the growth in power of the book-publishing monopolies was the diffusion in enjoyment of books to all men.

Hence the growth in human liberty is the obverse side of the same shield as the growth in the multitude, power and intensity of the forms of private property, all arising through new applications of that principle of enclosure whereby the common lands of England passed into private lands. The failure to know that liberty grows with government makes one an anarchist; so all ignorance of the economic law that wages grow with capital, that the commonwealth grows with the growth of private property, and that the greater the number of private rights the greater the power of popular liberty, makes one a socialist. All of these facts and principles of social economics seem not yet to have effected a lodgment in the mind of Prof. Commons. He still regards the mystery of private property as lying at the core of an inexplicable riddle, viz.: the inequality in the ownership of productive wealth, instead of regarding it as the clue to the proximate equality and adequacy that actually prevails in the consumption of food, raiment, shelter and physical comfort.

Prof. Commons in his preface says: "I have attempted to cut a straight line through a tangled jungle, and to give merely a glimpse into the maze of conflicting opinions."

He first projects in a chart the proposed logical subdivision of his subject. Starting with "Human Faculties," as making up the sum total of his economic man, he subdivides these into (1) wants; (2) abilities. This, of course, is another mode of stating man's economic condition (rather than his faculties) as swinging pendulum-like between poverty and power, or want and wealth, or demand and supply.

We start with the reservation that this is a statement of his economic status, rather than of his faculties, and that his "wants" are not faculties, while his "abilities" and his "faculties" are identical, and not one a subdivision of the other.

He next informs us that man's wants are satisfied by (1) free goods; (2) economic goods. This distinction is superfluous, as free goods, like the air, can never, so long as they are free, be the subject of an economic want. He then divides "economic goods" into (1) individual (food, clothing, dwellings, lands, etc.) and (2) collective (public works, parks, streets, education, security, justice, etc.)

This is not an economic but a *jural* division. It is based, not on the economic function which the goods are to perform, but on the question whether one or many have title to them.

At the "common tables" of the Greeks, of the Esenes, and of the early Christians, food was collective. Dwellings and lands are generally collective in their use and only individual in their title. On the other hand education is individual, as exactly the same education cannot be imparted to two persons, though both may be supplied with the same means of education.

Security and justice are not economic goods but *jural* conditions. They not only cannot be sold, but they have not, like an office, rank, dignity or other personal endowment, an untransferable wealth-producing power, because these are the peculiar right of one; but security and justice are common rights of all, and if they were "goods" they would be free goods.

Prof. Commons's next innovation in logic and in economic theory consists in a substitution of *jural* for economic conceptions. It declares that both individual and collective economic goods are "procured by four factors in distribution," as follows, viz.:

First.—Personal Abilities (labor, enterprise).

Second.—Capital (employment, tools, machinery, means of paying wages, etc.)

Third.—Monopoly Privileges (land, good will, patents, etc.)

Fourth.—Legal Rights (liberty, property, marriage, etc.)

The first of these implies the second, third and fourth, as parts of itself. Personal abilities include on the part of the entrepreneur the ability to use capital, the ability to use land, and the ability to use legal rights. So "personal abilities" on the part of the laborer imply his ability to use all these, under his employer's direction. Hence these four elements are not a subdivision of any one economic whole, as in Ricardo's thought rent, wages, interest and profits are logical component parts of value. Nor are "legal rights" a factor in any distribution of wealth which arises through commerce. In the single case of an official salary the title to which arises by law, it might, perhaps, be asserted that a legal right exists to a particular distribution of wealth to some one. But even in this case the acquisition of this right by the actual one, is not determined by the same law which fixes the salary, but has to be worked for, played for, and won in some form of contest with others, which reduces it to profits of politics in part, and in part to wages of labor.

The distribution of wealth in the economic world is all determined by a process of free exchange. So far as jural law is concerned the distribution of wealth is absolutely anarchic. The wage-worker is driven to take the rate of wage he actually takes by no law but that of the social necessity of working for some employer in order to live. But in the jural sense he is free to choose his employer, his work and his wages under no other penalty than that of being without either. So in the sales of goods, the renting of land, the obtaining of profit and the procurement of control of monopolies. Every monopoly, at the time of its creation, is as freely open to be created by those who decline to create it, as by those who do. Hence all monopolies begin in a valueless stage, and attain value by increment through subsequent events. Land, when and

where it is first appropriated, is always valueless. Every bargain by which an Astor grows rich lies open for months to hundreds of Smiths and Browns who could take it but would not. In economic values, as in spiritual worth, nothing is worshipped until it has been despised and rejected of men, and crucified between thieves. Then "the stone which the builders rejected is made the head of the corner," and we say Why should that stone monopolize that favored position?

At every point where economic value grows, the human will is free. Slavery formed no contradiction of this principle in the law of value, for the slave had economic value only as between the master who was free to sell him and the purchaser who was free to buy him. As legal rights cut no figure in creating any instance of value, so they do not affect the number of valuable exchanges any man may make, the quantity of goods he can buy, of labor he can hire, of contracts he can enter into and perform, and hence the mass of wealth he can win. Whoever can always get seven for what costs him five, would be in economics both omniscient and omnipotent. He could, if he lives long enough, absorb the world's wealth by making the rate of production more rapid and the equality of employment more perfect than it could otherwise be made. But if this were true the world would never be so rich as when he owned it all, for it would be governed by infinite economic wisdom, with the universal maximum of consumption upon the minimum of effort.

Prof. Commons treats his subject in five chapters, the first of which is entitled "On Value, Price and Cost." In this chapter he seems to endeavor to combine the "Marginal Utility" formula, the "Supply and Demand" formula and the "Cost of Production" formula into one formula. This still omits the values which are determined by the "Capitalization of Earnings" formula, such as the values of land, of opportunities, of good will, and of "plants," and all fixed capitals. The pivotal question in the law of

value now is as to the exact terms upon which the productive power, or the means of buying, of the consumer, equates itself against the productive power, or means of acquiring and holding, on the part of the seller. Upon some terms value is an equation between these two forces. The seller's facility in acquiring is a depressing force on price, while his means of holding is at times an expanding force. On the contrary, the buyer's facility in production of counter-commodities is an expanding force, while his capacity for abstinence is a depressing force. The barometer of the relative intensity of these forces is the cost of production of the dearest continuous supply. A utility, a pleasure or an enjoyment cannot measure a value, because it is not expressible or thinkable in terms of money or any other value form. But a cost can. It is money.

The Austrian school, in their effort to measure value by marginal utility, says that it is measured by the "least intense want of a given kind which is actually supplied." It is certain that a want or vacuum or absence or pain can no more have a value than zero can have number, or silence can be music. If they could be interpreted to mean that the cost of supplying this least intense want which is continuously supplied is the measure of value, they would at least get at something that could have the value dimension. But a "want," in the sense of a lack, or a "utility" in the sense of a source of satisfaction, has not the value dimension. One might as well speak of a yard of beauty, or a pound of love, as of a dollar of want or a shilling of pleasure. A shilling's worth is a different matter, as it would mean that which would cost a shilling.

In his second chapter on "The Factors of Distribution" Prof. Commons commits, as we think, the error in logic of mistaking a quality in which all producers are like, viz., private property (p. 47), for that which determines how much each factor shall get in distribution. That in which all are alike cannot be the subject of exchange and therefore cannot be the source of value. The wage-worker

has "private property" in his labor-power before he agrees to work, and in his wages when his work is done. The landowner has "private property" in his land, the *Entrepreneur* in his enterprises, and the capitalist in that which he loans. It is because of private property as a condition precedent that all appropriated things have value, but for the very reason that this element is common to all the owners who exchange, it cannot be in the smallest degree the determining force which shall decide what share any one factor shall receive.

The tendency toward this substitution of jural for economic laws is common to nearly all Socialistic writers. Mr. Mill precedes Prof. Commons in this exact error. Mr. Mill says that "while the laws and conditions of the production of wealth partake of the qualities of physical truths," in which there is "nothing optional or arbitrary," it "is not so with the distribution of wealth. That is a matter of human institution solely. . . . The distribution of wealth depends on the laws and customs of society." If Mill could be supposed to confound the "distribution of wealth" with the distribution of the property of deceased persons, there would be some justification to such a sentence. The recognition, however, of the continuity of the family during successive generations by laws and customs of inheritance, forms no part of the Economic Distribution of Wealth. In economics the "distribution of wealth" is the drawing, by the factors that contribute to production, of their several shares of the values produced. It is effected wholly by acts of free exchange or voluntary contracts, and so far as the law is concerned, it is not within its sphere in the smallest instance.

The third chapter is on "Diminishing Returns and Rent." The chapter attributes the fact that prices of agricultural products rise while manufacturing products fall to (p. 119) "the exaggerated system of private property in land"; it holds that "were competition free, production would always be carried out to the point where the total

product would compensate each increment of capital and labor (of equal efficiency) with equal values." As differences of return are the only means, known to economic law, of steering production away from products not demanded to those demanded, Prof. Commons virtually holds that if competition were absolutely free the steering principle in industry would be lost ! Competition, it would seem, needs to be set free from the oppressive burden of private property, in order that society may be blessed by so exalted a gift as that of losing its steering principle !

In his fourth chapter on "Diminishing Returns and Distribution," Prof. Commons makes the law of supply and demand (p. 181) underlie the law of cost of production, by making the reason why cost of production rises or falls to be the decrease or increase in the ratio of the numbers of men employed, to the work to be done. In harmony with this view he holds (p. 177) that the only *raison d'être* of a labor union is to keep up wages by restricting the numbers of men employed ! As well say the only reason an army has for existence is to restrict enlistments, or that a college exists only to restrict education. A labor union, like an army and a college, exists because it has both a battle to fight and a lesson to teach. In order to win its game, it must, like an army or a college, raise its standard and impose conditions of admission, but its standard once set, the greater the number employed and enrolled in it the more definite its success.

The science of economics is by no means the "tangled jungle" which Prof. Commons has declared it to be. The line he has cut is not only not straight, but it carries him aside from economics itself into another field. In fact it was opened at least two thousand years ago by Plato and has been trodden by a long line of dreamers not ending with Prudhon. They have steadily taught that private property should be abolished, equalized or in some way reconstructed by confiscation. Such economists are in the condition of arithmeticians who have not found the decimal

system. The labyrinth has no clue. To be an official political economist of the state of Indiana, without the power to give an economic vindication of private property in land is to be in command of an ocean steamer without chart or compass.

The Race Between the Empire and the Republic.

Lord Jersey, the commissioner appointed on behalf of the British government to attend and "watch but not vote" at the conference of the British colonies held at Ottawa last summer, has submitted his report to the British government, and it is reviewed at length in *The (London) Times* of Dec. 5th. The conference adopted three resolutions, which may for the present be deemed the platform of those who are working for the federation of the British empire, though the most important feature in the federation policy, viz., the readaptation of the British imperial Parliament, so as to give representation, in the future British Senate and House, to representatives from the colonies and India, was not yet given its impending position. This will necessarily follow as the answer of the colonies to the suggestion, already made in the current *Nineteenth Century*, that if the colonies are to have preferential duties with the mother country as against the outside world, then the colonies and India must be taxed in a way that will help to furnish an imperial revenue.

To this suggestion the natural response of the colonies and of India will be, "With the greatest pleasure, provided we are duly represented in the imperial Parliament." This proposition would again involve a system of recasting the distribution of seats every ten years according to changes in population, and of basing representation in the imperial House of Commons on numbers, instead of on geographical areas. At present Ireland with 4,500,000

people has one hundred members, while the fifty-five dependencies of the empire with about 12,000,000 population have none.

Half a century more will see much the larger portion of the people of the British empire resident in the colonies and India. Either continued fission must go on, as in the case of the withdrawal of the United States from the British empire in 1776-83, or the future British empire must be so reconstructed that populations and wealth will be evenly represented in a manner especially modelled after the United States.

All this digression is necessary to show how important the colonial conference at Ottawa last summer really was, and how far-reaching and radical the agitation in England for the federation of the empire must be.

The resolutions of the Ottawa conference asked:—

1. That an act of Parliament be passed permitting all the dependencies of the empire to enter into agreements of commercial reciprocity with each other, and to make differential tariffs with Great Britain and with each other.

2. So far as Great Britain's existing treaties (with Belgium in 1862 and with Germany in 1865) interfere with giving the colonies preferential duties in Great Britain, such treaties be cancelled.

3. That Great Britain frame such a system of customs duties with the colonies, as shall place "trade within the empire on a more favorable footing than that which is carried on with other countries."

Of course all Englishmen see, with Gladstone, that the last of these propositions involves the recession of England from what her euphemists are pleased to call "free trade," and an adoption of the same national policy as to tariffs which the United States, France, Germany and all other nations except China, Japan and Turkey, now practise.

Lord Jersey, who was Governor of New South Wales

and has a record as an English politician to keep, of course reports against the third proposition as impracticable "while the relations of our foreign and colonial trade remain what they now are." But *The Times* is careful to say that Lord Jersey "approaches these proposals in the spirit of a convinced free trader, to whose ideas colonial experience has brought some modification." In short he is an Englishman who has been taught something.

Lord Jersey reports against a customs union only "while the relations of our foreign to our colonial trade remain what they now are," *i.e.*, as 12 to 2. But it is the prospective change in this ratio which the imperial federation policy is designed to prepare for and to hasten.

The Ottawa conference also recommended "the establishment of a line of swift steam-shipping communication between Great Britain and Australia *via* Canada, and the construction of a Pacific cable of which the leading stations should be on territory wholly within British control." Great Britain is asked to help in the construction of the cable in various ways and to help the steamship line by a subsidy to the mail service. The promoters of the line ask for a subsidy of £75,000 and Lord Jersey virtually recommends that for a weekly mail service between Great Britain and Canada and a fortnightly service across the Pacific from Van Couver to Australia, it would be worth while to withdraw £52,000 of the £104,000 which is at present paid to the New York lines and pay it to the Canadian line. "The proposed route to Canada," says *The Times*, "being shorter than that to New York, the public might have an advantage in alternating the weekly mails with those of the Cunard and White Star lines, in which case no less a sum than £52,000 would be held available." To carry out the cable scheme, a landing station should be secured among the Hawaiian Islands.

It is not difficult to see the shrewd hand of the Canadian Pacific Railway behind this whole steamship line project. The inquiry naturally arises whether the

managers of our American railway lines are fully awake to the importance of preventing a diversion of traffic from New York to Montreal, to the extent that would follow upon a withdrawal from New York in favor of the Canadian port of one-half the subvention necessary to maintain, in its existing frequency, the mail and passenger service between Liverpool and New York. If they do not want the steamer lines which cross the Atlantic to become a part of the Canadian Pacific Railway system, which is now reaching out to span the globe, they will need to promptly consider whether our leading American Trunk lines of railway cannot afford to manifest some interest in the future of the Trans-Atlantic steam lines.

On the whole, the movement among the colonies and in the United Kingdom, indicates that the "stay at home" branch of the English race is rapidly coming to learn many new things from the more enterprising American and colonial contingent, which now, when combined, outnumber the home stock by almost exactly two to one, being seventy-seven millions to thirty-eight millions. The home pupils are learning from their foreign teachers that political unity must be based on freedom to all within, and protection against all outside, the national compact. Our fathers embodied this in the Constitution of the United States 105 years ago. They are learning, also, that representation in the popular House must be based on numbers, and that the imperial taxation of colonies must occur if they are to have imperial defence, but must be based on the representation of the colonies in the imperial Parliament. For a century the British government has avoided taxing any part of the empire except the United Kingdom, for imperial purposes. It is placed, therefore, in the strained position of a kingdom trying to run an empire without an imperial Treasury, an imperial Cabinet or indeed an imperial throne, as Victoria is empress only of the Indian empire, not of the British empire. She is queen also of the United Kingdom of Great Britain and

Ireland, which, in constitutional parlance, is supposed to simply *own* Canada, Australia, South Africa and Gibraltar, as Wm. Penn formerly owned Pennsylvania. Hence Canada could assume no higher title than "Dominion," which means property.

All these cumbrous legal fictions must dissolve. Great Britain and her colonies, in fact and potency, are, except as to India, a monarchical and aristocratic republic. The people and their party caucuses and legislatures govern in them all. The queen only reigns. The Cabinet only lead. Numbers and wealth really rule. In all political and in most economic tenets she is accepting America's teachings. In the matter of steam lines we would be glad to see Americans as apt in the adoption of the English subsidy principle, as in the matter of political institutions England, though slowly, tends to profit by the American example.

Why Government Notes are a Bad Currency.

The quantity of notes, in exchange for which the government, either by law or under a force of opinion equally imperative, must pay gold on demand, is about seven hundred millions of dollars.*

The silver certificates, by the letter of the law, are payable in silver, but an opinion which for the present is a fixed quantity requires their payment in gold. Hence even when the gold in the Treasury is carried up to

*Government notes of 1862 (greenbacks) in

excess of those now in the Treasury . . . \$267,283,481

Of which it is estimated that there have been

destroyed since their issue at least . . . 50,000,000

Leaving outstanding say \$217,283,481

The Sherman silver notes 157,000,000

Silver certificates 337,000,000

Total \$711,283,481

\$100,000,000 it will pay only one-seventh of the demand notes on which it is demandable, and less than half the volume of notes for the payment of which it is the sole asset, so long as the Government's expenses exceed its income.

Since March 1st, 1892, the total receipts of the Treasury from customs duties have amounted to \$395,000,000; but only about \$20,000,000 of this sum has been paid in gold. The entire remainder was paid in Government notes of some sort. In short, the Government is again in the same dilemma which, in 1816, compelled the Democratic party to found the Second United States Bank, though it had destroyed the First. It has no gold revenue with which to meet its gold liabilities. There is now no imperative reason why a penny of gold should be paid to it. All its debtors can pay it in its own paper.

This collapse in gold receipts is partly due to its departure from the sound policy of requiring customs duties to be paid in gold only. Had there been no departure from this policy, once so steadfastly maintained, the Government would have received since March 1st, 1892, \$370,000,000 in all, or about \$1,156,265 per month more than it has actually received of gold.

Early in 1892 the banks, seeing that the Government must lose its gold, curtailed by three-fourths the payments of gold which they had previously made to the importers, thus diminishing by \$360,000,000, in less than three years, the Treasury's gold income.

The short-sightedness of the Government, acting upon the necessary and natural cupidity of the banks, presented its teats to be milked and its veins to be bled and made it part of the law of self-preservation that the banks should apply at once the suction-pump and the lancet. Thereupon followed in 1893 and 1894 an export of nearly \$200,000,000 of gold, very little of which was supplied by the banks, but about all of it by either the mines or the Government. The legal power of the banks thus to drain the Government of its gold, and yet make it the sole source

of gold supply for export, arose from the joint operation of the two Government blunders in legislative finance, of permitting the customs revenue to be paid in paper of any kind, and also permitting the banks to redeem their own obligations in Government notes. It was the old farce of a bankrupt debtor proposing to live on his debts. The remedy for these two blunders, if they comprised the whole situation, would obviously be to require customs duties again to be paid in coin and to repeal the legal tender act at least as relates to the demand obligations of banks. Until the legal tender act shall be repealed, the so-called resumption of specie payments will, in law and therefore in fact, be a resumption by the Government only. No other debtor in the country (including the banks) could be said to have legally resumed specie payments because by statute law coin (and not notes) could in no case be demanded on any obligation. It was therefore a simple mistake in finance for the Treasury to resume specie payments in 1879 while the banks have not yet resumed in 1894. Such a jughandled resumption amounts only to an instance of Treasury kiting.

It is idle to talk of the catastrophe which has resulted as due to some fault or unpatriotic attitude of the banks. True statesmanship consists in so adjusting legislation to human interests that individual selfishness will always be implied as the ruling motive in human conduct and made to find its highest profit in a course of selfish conduct which in its outcome promotes the general welfare.

The Western, Southern and free-silver financiers hold that the panic of 1893 was a "bank-made" panic, and was due specially and immediately to the corner made by the banks on the Government. But this corner was due to defective legislation and defective administration combined. The Government should not have parted with its proper hold on a gold revenue. The common instinct of cupidity dictated to the banks to hoard the gold themselves when they saw that the Government had lost the power to do so.

For neither the Government nor the banks to hold any gold whatever in a country having a vast credit currency would have sent gold to a premium as great as during the war. In other words, the purchasing power of our credit currency would have sunk to forty cents on the dollar. This would have hurt greatly both the banks, the Government and the country.

In this dilemma the Government wildly borrows, at the rate of a hundred millions a year, gold which the very banks which loan it to the Government can instantly draw out again on any of the seven hundred millions of paper upon which the Government is liable to pay gold. Hence, the Government is increasing a liability to the banks for new interest at the rate of \$5,000,000 a year, and if this policy shall continue for the ten years for which the bonds now forthcoming will run, the annual interest charge will be increased by fifty millions to no purpose whatever.

If the two blunders above pointed out comprised the whole situation, the obvious way out of the financial quagmire would be to restore the absolute collection of all duties in coin and to repeal the act making the Government notes legal tender as to all demand obligations of the banks, including, of course, deposits.

But to repeal the legal tender quality of the Government's own notes before retiring them or providing for their retirement on a basis which would insure their payment in coin, dollar for dollar, would be national repudiation; to "shunt" this repudiation in a particular direction, viz., toward the banks, where its destructive force will be specially felt by one class of holders of its obligations, would be confiscation as personal and robbery as direct as was the bold seizure of all the gold of the Jews in London in the history of one of the earlier British kings.

Still, at a time when the cupidity of the bankers is artificially stimulated, by injudicious errors of legislation, to make plunder out of the Government's calamities, it may be well to note that it is within the power of Congress to

repeal the legal tender act as to all demand obligations of the banks, whether deposits or notes. This would compel the banks to share with the national Treasury the function of supplying gold.

All legislation relative to the legal tenders has assumed that Congress may, after their issue, enlarge or contract the purposes to which the legal tender quality of the notes shall apply. Congress did this when it provided in 1862 that the notes should, and in 1865 that they should not, be fundible into "five twenty" bonds at par. If, as I suppose, Congress has sanctioned the existing usage by legislation, it has provided first that these notes should not, and then that they should, be receivable for customs duties.

The condition of the banking business for twenty years past has created a prejudice against bankers proportionate to the degree in which banks were unserviceable to the people. It has also disgusted the bankers themselves with the ram-shackling and inefficient system under which they have been going out of the note-issuing function of their business.

But the bankers have not created those faulty features in the mechanism which have suppressed rural banking in the South and West. It is not they who have substituted farm mortgage companies in the West and farm monopolizing merchants in the South, with their high lending rates and cut-throat mortgages on farms, for banks lending at uniform rates on notes. It is because the Government note has taken the place of the bank-note that these oppressions to the borrowing class have followed. Under pure banking as practiced in the provinces of England, Scotland and Ireland, money is loaned at the same rate in Donegal, Tipperary or the Orkney Islands as in London. Under true banking as practiced in Canada, money is loaned in the far Northwestern Territory at within one per cent. of as low a rate as in Montreal. Under free private mortgage banking, as practiced in Germany and Russia, loans to farmers average only five to six per cent. When the

United States had free banking with all notes of State banks redeemed by a bank of the United States, rates of interest in the West and South could not get above eight per cent., since the bank of the United States had fifty millions of its loans placed in those two sections at six per cent.

It is not to banks, but to the want of banks, that the West and South owe their dear rates of interest. Their hostility to what they imagine to be banking arises from the fact that true and pure banking went out among them twenty-four years before the Government note came in, viz., in 1836. Hence the odium in which banks and bankers are held renders it quite likely that Congress may at any moment visit upon them any scheme of confiscation or retaliation in its power. The temptation now naturally is to repeal the legal tender act as to all the demand obligations of banks, thus making the resumption of specie payments, which since 1879 has applied only to the Government, apply also to the banks.

Such an act would at least throw the Government and the banks into a common hodge-podge as to their solvency. It would not stop a run for gold by the banks on the Government, which would end in closing the Treasury doors; but it would legalize a simultaneous run for gold by the people on the banks, which would end in convincing them that it is a perilous course to close the doors of the Treasury. In a struggle with the banks, the Government will have the whip hand as it had in its efforts to borrow money in 1860. Then Secretary Chase told the New York bankers that if they would not enable the Government to carry on the war with their money, the Government would compel the bankers to do banking with its money. This is what we have been doing ever since. The ultimatum in all bank contests cannot fail to be with the Government and not with the banks.

The Government and the bankers can no longer get on together at peace under the present bad misalliance be-

tween them. In fact, a most destructive warfare between them is now going on to the utter joint discredit and disgrace of both. Bankers are coining money by thrusting a deluded Government down the rugged steep of financial illusion and catastrophe. By a common effort, the Government must be relieved wholly of its note-issuing function. This can only be done by a transfer of the whole business to the aggregated banks of the country in their collective strength and capacity. The very issue of fiat notes which forms a burden and a menace when carried by the Government, will be a favor, a security, and a source of elasticity and of lower rates of interest when shifted to the banks.

While they remain a Government issue they are a form of debt which the Government, considered merely as a debtor, is bound in honor to pay off in coin, but cannot, and upon which it is therefore perpetually insolvent; and yet they are also an element of currency which the Government, considered as a bank of issue and the guardian of the business interests of merchants, has no warrant for paying off. To pay them off would, as a currency measure, contract the means of payment by three hundred and forty-six millions of dollars. So enormous and fatal a contraction would precipitate upon the country a financial crisis. If they were changed to a bank currency no contraction whatever would result from relieving the Government of \$346,000,000 of debt. No repudiation whatever would attend the act of escaping from the burden of \$346,000,000 of public debt. It would take position behind the \$3,800,000,000 of banking capital now engaged in the banking business as naturally as if the banks had originally issued the notes as they begged the privilege of doing when the war began. A capital five times greater than the volume of these notes and about nineteen times greater than that portion of the notes which now stands unrepresented by any available assets for their redemption, would immediately become responsible for their hourly redemp-

tion in coin. They now represent a vacuum in values due to an explosion of gunpowder. By their transformation into bank-notes they will instantly come to represent merchandize in transition from producers to consumers. Now they form the obstacle to true banking, in that they present a vacuum produced by exploded combustions, made in the interest of political institutions thirty years ago, as a valid substitute for coin of gold and silver mined yesterday by productive labor. Not being a measure of value they cannot honestly be a means of redemption. So long as they are held up to the American business world as the medium of ultimate redemption and payment for all the vast internal commerce of the land, these engraved reports of a by-gone explosion are mere symbols of Fraud. To say of these "Behold your lawful money!" excludes true values, measured in coin and by weight, from taking that proper and logical place which performance should always sustain to promise, in order that credit may exist. They expel gold and silver from their proper function of redeeming credit. They make credit dangerous and dear. They render banks for the sale of credit, where it is most needed, few and weak. They de-utilize silver and lower its value. They congest currency in cities and stimulate gambling in values instead of the creation of commodities. They make high rates of interest where banks are rare. They work a retrogressive influence toward barbarism by impairing the freedom and destroying the power of association among men. They deprive society of the effective use of the precious metals in the redemption of credit money.

It is to this function that Mr. Henry C. Carey referred when he said: "Of all the instruments at the command of man, there are none that tend, in so large a degree, to promote individuality on the one hand, and association on the other, as do gold and silver—properly, therefore, denominated THE PRECIOUS METALS." * And again, "Money

* Principles of Social Science condensed by McKean, p. 307.

is to society what food is to the body, the producer of motion." And again, "The bank-note simply facilitates the transfer of an existing piece of money, enabling a single piece to do as much work as without its help could be done by five or ten." Again, (p. 319) "Of all the institutions, of a community none are capable of rendering a greater amount of service, and yet none are less understood or more calumniated, none in general more dreaded, than banks."

Where banks are dreaded it will always be found that they have ceased in some particular to practice true banking. No departure from true banking is so fatal as not to circulate their own costless notes redeemable in coin on demand.

VAN BUREN DENSLOW.

Why the Creation of Money is the Primary and Paramount Duty of Government, and Why Bank Usurpation is Intolerable.

Carey, in the opening passage of the second chapter of his "Principles of Social Science," develops the fundamental and self-evident principle in regard to man, in society, as follows:—"Man, the molecule of society, is the subject of social science. In common with all other animals he requires to eat, drink, and sleep, but his greatest need is that of ASSOCIATION with his fellowmen."

In the introduction to his masterly analysis of the credit system, "The Ways and Means of Payment," Colwell says: "The chief inquiry is not, What is the power of money? or, What is the use of money? or, What can be substituted for money? The inquiry which we prosecute to ascertain the nature and doctrine of money is, What is commerce and what is the nature of the agency of money in its affairs?"

In the passages above quoted, from the two most eminent of American economists, we have at once the keynote of social science and the dominating principle which

should guide us in the investigation of money and should direct all legislation in regard to money. The life of man being but a succession of compositions, de-compositions, and re-compositions of services, commodities and ideas with his fellowmen, he is under the necessity of having an instrument which possesses the quality of universal acceptability, and of easy divisibility and aggregation. That instrument, known as money, has by Carey most happily been termed "the instrument of association."

The prosperity, the happiness, the civilization, the very life of man depending upon his power to associate, to exchange services, commodities and ideas with his fellowmen, and money being the necessary instrument of that association, it therefore follows that it is the supreme duty, as it is the supreme interest, of every government to supply its people with a sufficient volume of this instrument, whether it be of gold, silver, nickel, copper, or paper, or all of these combined. This duty is incumbent on the government to the end that its people shall reach the very highest possible plane of civilization, happiness and power: money being a saving-fund which gathers up billions of millions of minutes which, in its absence would be wasted; labor-power being the most perishable of all commodities, which is lost and gone forever if not consumed on the instant at which the power to labor is created.

No government of the past, none of the present having really and sincerely been, "of the people, by the people, for the people," all governments have perfidiously abdicated this supreme duty and handed over to banks control over the power of association among their people. Either through means of the circulating notes or more largely through the loans and deposits of those banks, society has come to think, and the banks impudently to claim, that the right to issue substitutes for money belongs to the banks and not paper money to the government. This is the worst and most far-reaching fallacy that can afflict mankind. The result is that in all of the countries of the

world, without exception, the power of association is but imperfectly developed, and even where it is to a considerable degree developed, it is without stability, dependent upon the selfish greed of banks, whose practice is to expand loans and make things easy, in sunshine, and to contract and dislocate society in storm, a storm always of the creation of the banks, and virulent just in proportion to the degree in which the government has abdicated its solemn duty to furnish the instrument of association to its people.

Abdicating continuously during the seventy-three years of its existence, this supreme duty to the people, the government of the United States in February, 1862, found itself under the necessity of bringing about a more vigorous condition of association with its loyal people than ever before in its history, or perish forever from off the earth. Unable, with the existing machinery, so to do, it caused the issue of greenbacks and as a result, developed a power for war that not only amazed itself, but the entire civilized world as well. It therefore placed all business, all society, all debts payable and receivable, upon the basis of this standard of payment. But once more forgetting its duty to the people, so soon as the war was over, it commenced a work of confiscation and oppression by changing the forms of debts and the value of property, almost without a parallel in the history of mankind.

Every collapse of the bank-credit system since the peace of 1865, and preeminently those of 1873 and 1893, has been made a pretext for a war upon the legal-tender money furnished to the people by the government, when it was as clear as the sun at noonday that the fault did not lie with the legal-tender money, the basis of all credit, but with the credit-system of the banks, which had been unduly and recklessly expanded. For instance, on May 4, 1893 the loans and discounts of the national banks were \$2,141,376,526, on a capital and surplus of \$1,041,798,066, while by October, 3, 1893, these loans and discounts had been con

tracted to \$1,830,667,349 or a contraction of loans and discounts of \$310,709,177 in less than five months. Never before in its history was this country, in so brief a period, subjected to such an ordeal of financial recklessness and ruin, and the marvel is not that such ruin as was created did take place, but that the ruin was not infinitely greater. As if this work of destruction, this wreck of society, were not enough, it is now insanely proposed to intrust to these selfish institutions complete control over the circulating medium other than gold, and thus over the power of association, the supreme need of the people, upon which their civilization and even their very lives depend.

But it is claimed by Dr. Denslow that it was "a simple mistake in finance for the Treasury to resume specie payments in 1879 while the banks have not yet resumed, in 1894," and he would retire what remain of the \$346,000,000 of greenbacks and substitute in their place an equal quantity of bank-notes. It is now too late to attempt to remedy "the simple mistake in finance" of 1875-1879, by which the country was thrown back in its civilization and progress half a century. That act was done by the government of the United States, and that government must bear the present consequences. To substitute \$346,000,000 or \$300,000,000 of non-legal-tender bank-notes for \$346,000,000 or \$300,000,000 of legal-tender money would be a more revolutionary act than that of January, 1875, for so-called "resumption of specie payments," and the movement would inevitably collapse before \$25,000,000 of legal tenders had been retired.

Before embarking on any such ill-starred scheme as this, it is necessary to consider how much legal-tender money of all kinds, gold, silver, paper, etc., including also, all demands on the Treasury, was held by the national banks on the eve of the grand collapse. On May 4, 1893, these legal-tender items in possession of the banks, amounted to but \$332,840,996, and were held against \$1,763,881,800 of deposits payable on demand. Where

would these banks be to-day with \$300,000,000 of legal tenders withdrawn? How much of the remaining legal-tender money of the country would they be able to grab and keep and where would the people be in this great scramble for self-preservation, each one for himself, and the devil take the hindmost?

The naked truth is, that the Treasury, as a result of repeated acts of repudiation of the faith due to the people by Congress and the Executive, since the passage of the act of February 25, 1862, providing for the issue of legal-tender notes, is now in a tight place, and no new acts of perfidy will get it out. When, by that act, the government placed all of the business, the property, the debts due and payable, by or to the people, on a paper basis, it was an act of baseness and dishonesty, a crime against humanity, forcibly and arbitrarily to change the basis to a specie one. When it, in 1873, dropped silver from the coinage, it was guilty of another act of repudiation. When it repealed the acts of February 28, 1878 and July 14, 1890, for the partial restoration of silver to its old and constitutional place, it was guilty of a new act of repudiation and confiscation. When it made the 5-20 bonds, which were payable in greenbacks under the act of February 25, 1862, payable in coin, it was guilty of still another act of repudiation and confiscation against the people and for the bond-holders, both American and foreign.

The government of the United States has never really resumed specie payments, but has simply kept up a pretense of such payments, and sooner or later even this pretense must pass away, and the sooner the better. During the war when the government was in *extremis*, it called loudly on the people for help, and they responded more nobly than ever people had done before. So soon as the war was over, this same government made haste to confiscate the property of these same people, who had saved it from destruction in the hour of its greatest peril, and now happily it is finally brought to bay. The interests of a

government with such a record of dishonesty and perfidy, of such oppression, and those of its people are totally antagonistic and in the extremity of that government is to be found the opportunity of the people. An act of folly indeed, would it be for this selfish repudiator, this heartless government, to be relieved of the responsibility of its "resumption" crimes and for this responsibility to be thrown onto the banks, to the national portion of which, alone, the people on October 2, 1894, were indebted for loans and discounts to the amount of \$1,991,874,272, every dollar of which indebtedness would be affected by this escape of the repudiator. It requires no gift of prophecy to see that once more the burden would, through their creditors, the banks, come onto the people themselves and once more would a perfidious government hand over the weak to be spoiled and robbed by the strong.

The gold standard and its supposed virtues to that society of which it has so long been a curse, are but a fetish and the sooner that fetish is scattered to the four winds of heaven by the collapse of the pretense of gold payments by the Treasury of the United States, the better for the people of this land. To estimate the cost of that fetish to the country since April, 1865, at fifty thousand million of dollars would be to under-state it. Better now to make an end of it once and forever, struggling no longer in the face of a foreign indebtedness which makes the collapse merely a question of time, and not a long time either.

It is therefore not only inexpedient and improper for the government to surrender control over the instrument of association, and therefore over association itself, to the banks, but it is expedient, right and very proper that the government, having arbitrarily brought about so-called "resumption," on the gold basis, should not now be permitted to escape the rightful consequences of that iniquity, by throwing the burden apparently on the banks, but really on the people—the debtors of the banks—once more to be ground to powder, after well-nigh thirty years of torture.

In conclusion, it must be said that every phase of the general scheme for extending the power of the banks over the people and helping the Treasury out of its present scrape, is in violation of that sound principle laid down by Colwell, as follows: "The inquiry which we prosecute to ascertain the nature and doctrine of money, is, What is commerce and what is the nature of the agency of money in its affairs?"

All schemes ignoring commerce and the people, and considering only the Treasury, with its gold basis folly and iniquity, and the banks, having therefore a false inspiration and initiation, must, of course, be false throughout; and being such should be dismissed from all thoughtful consideration. These schemes can alone be pernicious and destructive to the best interests of humanity.

HENRY CAREY BAIRD.

MR. CARLISLE'S CURRENCY plan fails to command the support of even the Democrats outside of the South. The *New York Times* says: "It would be absurd to say that Mr. Carlisle's bill commands general approval. As the bill now stands, it would be much truer to say that it encounters general disapproval. There is not even a majority of the Banking and Currency Committee that would support the bill without amendment." The *New York Herald* calls it "Carlisle's haphazard bill." The *New York Sun* declares that it will "hasten a national suspension of gold payments and a return to the depreciated paper money of war times." With such opinions among leading Democratic journals which is shared by the best minds in the banking circles everywhere, Congress ought not hesitate a day about voting the measure down.

Editorial Crucible.

IT BEGINS TO LOOK as if a quarterly issue of bonds would soon be necessary unless a radical change is made in our banking system and fiscal policy. Twenty-five millions five hundred thousand in gold, has already been drawn from the Treasury since the last bond issue of November 24. A continuation of this policy until the end of the Cleveland term would either bankrupt the government or add to our national debt from six hundred to a thousand millions.

WE DESIRE TO CALL the special attention of our readers to the opening article in this issue on "Our Banking and Currency Plan." Besides pointing out some of the defects of Mr. Carlisle's bill, which is everywhere conceded to be fatally defective, we have presented a substitute. We invite our readers carefully to consider this bill and send us any criticisms they may entertain, favorable or unfavorable, regarding either the principles of this bill or any of its details. Since Congress and the country are both ready for a thorough revision of our currency system, it should be done in the most comprehensive and scientific manner possible.

IT SEEMS almost impossible for the present administration to conceive a bill, whether of tariff, banking or whatsoever, which is not sectional in its character. Mr. Carlisle's banking bill has this sectional unfairness in a marked degree by imposing a tax of one per cent. per annum on the circulation of national bank-notes until it reaches a fund equal to five per cent. of the total, which it does not impose on the circulation of state banks. This discrimination given the national banks in favor of the state banks is manifestly an attempt to return to the mediæval system of state bank wild-cat currency. For no other reason than this Mr. Carlisle's bill should be defeated.

ON QUESTIONS OF FINANCE the New York *Journal of Commerce* is probably the ablest daily paper published in the country. Despite its strong predisposition to support the administration wherever possible, it has been compelled ultimately to reject Secretary Carlisle's banking bill. In its issue of December 20 in a leading editorial it says:

"It would be useless to minify the importance of the fact that bank currency reform and the withdrawal of the legal tenders stand indissolubly connected. If new currency issues are to be authorized without simultaneous retirement of the government notes, then a needless and deranging inflation of the circulation must result. . . . If it be, as he (Mr. Carlisle) maintains, that it is impossible to get money, either by borrowing or from surplus revenue, for retiring the legal tenders, then, mournful as the conclusion may seem, matters might as well remain where they stand."

WE HOPE THE Labor Convention at Denver, in electing Mr. McBride in place of Mr. Gompers as President, has not progressed backwards. Mr. Gompers was really the organizing spirit which brought the Federation of Labor into existence, and under his leadership it has grown to its now immense proportions. No man can lead a million of men without making a large number of enemies. Mr. Gompers has made his enemies, and for the most part their animosity and opposition is a tribute to his good judgment and sterling sense. He has succeeded with great effort, and frequently with fierce fighting, in steering the Federation of Labor away from the quick-sands of socialism. It is chiefly from the socialists who want to convert the Trade Union movement into a political party that the opposition to Mr. Gompers has come. We congratulate Mr. Gompers upon the success of the movement under his leadership, and hope that his successor will have the strength of character to resist this socialistic demand for trade union disintegration.

THE ENGLISH press is at last beginning to realize that we have had an election, and that, wisely or unwisely, the American people will have none of their free trade. As an evidence of this watchful attention to our doings on this subject, the London *Times* of November 24 says:

“Out of the 11 Democratic members of the Committee of Ways and Means who framed the Wilson Tariff bill only four have been re-elected. Of the Republican minority of six who opposed the bill, five have been re-elected, the sixth, Mr. Gear (Iowa), being promoted to the Senate.”

It is patriotic of the *Times* to call the attention of the English public to the fact, disappointing as it may seem. To encourage English manufacturers in the idea that they are soon to have free access to the American market would be the act of an enemy. There is no such hope for them in the immediate future, and they had better realize the fact at once and act accordingly. Englishmen should know that Mr. Wilson's after-dinner prophecies in London were the utterances of an unbalanced fanatic, who has since been repudiated even by his own little Southern constituency.

NEW YORK is to be congratulated upon the fact that the new compulsory education law goes into effect on the first of January. The new law makes it compulsory for all children under sixteen years of age to attend school and provides stringent penalty for violation. What is needed now is that the spirit and letter of the law should be sustained by public sentiment. This will necessitate rigid enforcement by proper officers and the expenditure of liberal sums of money in furnishing new school accommodations, especially in New York City. Unless we greatly increase as well as improve the schools in New York City, this law will be a farce, because its enforcement will be a physical impossibility. If, however, the law is earnestly backed by the public, and proper school facilities are provided and the law enforced, it would do much to mitigate the sweat-

ing and shop-girl problem of this city. If children were not permitted to work in these shops and stores until they were sixteen years of age, they would soon refuse to submit to the degrading, and not infrequently brutalizing conditions to which the cloak-making and shop-girl class have now to submit.

THE SUBJECT of good country roads is as important financially as that of great railroad lines. In the winter of 1877-8, in the city of Springfield, Ill., the State capitol, the leading livery stable proprietor could not send out a horse from his stable once between Thanksgiving Day (about 27th Nov., 1877), and Easter (March or April), 1888, except as it was led over the sidewalk and not through the street, to be shod or watered. The mud reached the axles of every vehicle that attempted the passage, and filled at this depth not merely one street, but all the central streets of the city. And yet the State had paid \$20,000 to fresco the ceiling of one room in the State capitol, and that building boasted the highest and most costly dome in the country except that at Washington. It is computed that, to bring twenty-five bushels of wheat into any nearby city, over ten miles of ordinarily good dirt roads, costs as much as it does to take those same twenty-five bushels 4,000 miles to Liverpool. What, then, must be the cost of transportation which would be saved by good highways in any State? Prof. Latta, of Perdue University, estimates it at \$16,000,000 annually for the State of Indiana, or about five-fold the annual expenses of governing and schooling the State. Prof. Jenks estimates at \$15,000,000 annually for Illinois. Consul Williams, at Havre, computes that, owing to the better roads in France, the cost of highway transportation per ton per mile is only one-third the cost in the United States. One of the good effects which the universal use of the bicycle is exerting is to bring about a disposition among the taxpayers to improve country roads. It will enable the bicyclist to extend his tours in all directions, and he

will meet on his way, as in France, a single horse easily drawing from three to five tons freight at a load; at present, in many parts of this country, he is compelled to carry a pocket road-map to distinguish between the roads he can venture upon and those he must avoid.

CHINA is not only the paradise of free trade, (no duties on competing manufactures higher than five per cent.), and of something as near the single tax as can be imagined, (all land including its improvements taxed from a fifth to a third of its gross product, which is exactly the equivalent of its whole economic rent), but it is the home of anti-monopoly (heavy taxes on corporations), of interstate commerce restriction (taxes on transit of persons between provinces), and finally of state rights. Correspondents at Shanghai and Canton write that the central and southern provinces, whether near to or remote from the two which the Japanese troops are invading, insist upon regarding the war as a war of the Japanese on those two provinces of Shing-King and Shantung, which are set down in the encyclopedia as having a population of 36,000,000. To these will be added with the march on Peking the province of Chih-le which is set down in the same sources of uncertainty as having a population of 27,000,000. The other twenty provinces of China are doing nothing whatever to resist the Japanese invasion. When asked for troops and money their reply is, "We will need them when the Japanese come here. We must keep them for our own defence." Each province has its own army and navy which are also essentially its sheriffalty, its police and its tax collectors. Peking is as uncentral relatively to China as Bangor, Me., would be relatively to the United States, being less than fifty miles from the Mongolian or Tartar frontier and from the great wall. The city of Peking is largely a Tartar and Mohammedan city, having 20,000 Mohammedan families. The conquest of China by the Manchoo-Tartar dynasty dates

only from the year 1644, was attended by no military resistance, and was followed by no concentration of powers in the imperial government other than the payment of tribute by each province to the Peking government. The property interests which are identified with the Manchoo dynasty are centered in the province of Shantung only and in the city of Moukden, and are of slight extent. The situation, therefore, is very much as if at some early time the various state governments of the United States had been so disorganized and at variance with the Central government that the State of Maine had invited a Canadian army to come in and help it in a fight with New Hampshire; and the army having come, found rebellions pending at Boston, Philadelphia and New Orleans which tempted it to march over the country unresisted, and effect an agreement with each state to send its tribute to Bangor, leaving the several states in all other respects to run themselves. These facts go far to account for the non-resistance of the Chinese to the Japanese invasion.

THE LONDON *Economist* makes a criticism on President Cleveland's financial policy, which applies with equal force to Secretary Carlisle's proposition, to the Baltimore plan, to Horace White's, and indeed to every other that does not involve coin redemption. The *Economist* says: "A greater defect of the present currency than its lack of elasticity is its instability." It points to the fact that the obligation of the government to maintain a gold reserve of £20,000,000, in order to secure the redemption on demand of the £97,000,000 of greenbacks and Treasury notes which it has issued, constitutes the crucial difficulty of the situation, and says: "And yet what is proposed is that this very currency, which is discredited and distrusted, shall be made the basis for a further issue of tens of millions (pounds sterling) of paper money. The currency is unstable because too large a superstructure of credit has been raised upon a gold foundation which is not only too small, but which

cannot be prevented from rapidly melting away. And in the opinion of President Cleveland the remedy for this is to be found in building up still higher the top-heavy fabric without strengthening or supporting the foundation. If the plan really conforms to the description that has been given of it, then most emphatically it will not do."

The only plans which propose in any degree to strengthen and support the foundation of our monetary system, by placing under the circulating notes the aggregate banking capital of the country, are those of the SOCIAL ECONOMIST, and in part, and we think less perfectly, the *Journal of Commerce*.

THE REVELATIONS before the Lexow Committee increase in intensity of interest and in their far-reaching consequences as the year draws toward its close, and the day approaches when the Grand Inquisitor, Mr. Goff, must withdraw from his duties as counsel to take his seat as Recorder. The absoluteness of the public faith in the Committee's work is best shown by the fact that the Board of Commissioners of the Police, after venturing to suspend Captain Creedon from duty for testifying before the police, on receiving, the same day, a mild note from Mr. Goff to the effect that such a course would be tantamount to punishing the witness for testifying, dared not face the odium of appearing to oppose the Committee, but promptly restored Captain Creedon to duty, though he had confessed to having committed both bribery in his official capacity and perjury. The Board could not take this position without itself confessing to the public that a Captain of Police who has confessed two crimes stands better in public esteem than the other captains who have confessed no crime whatever. This records the moral conviction of the Police Board, that in their own hearts they know that the crimes of a police board are the crimes of a system and not of an individual, and that what Schmittberger and Stephenson did, all have done. They know, too, that deeper revelations will lay bare the fact

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that the primary source of the whole corrupt system is the political establishment on 14th Street, and that the envelopes filled with money, deposited by orders of "ward men" in the desk drawers of the various captains of police, and marked "Street-Cleaning Returns," to be afterwards collected by unseen hands, and taken without record or book-keeping to "Headquarters," can all be traced to Tammany Hall. Tammany Hall itself is the Jew Fagin behind all these "Artful Dodgers," these half-honest "Nancies" and these cutthroat "Bill Sykeses" of New York.

This investigation was once vetoed by Governor Flower on the ground that the police of the city of New York were the finest in the world and too pure to need investigation. The committee is still working, we believe, without an appropriation to legalize its expenses. And yet so absolutely does its work command the respect even of its enemies that they beg humbly to defer to its slightest intimation as if it were itself the city government. Had New York suddenly and by universal acclamation elected Goff, Parkhurst and Lexow to be the council of safety to whom all powers were entrusted, their real power could not be more supreme. Grand juries, district attorneys and courts are about to sit to put into the form of concrete sentences on individual offenders the results of the committee's discoveries. Its sessions are now so thronged that standing-room is all that is asked, and an order to clear the room is impossible of enforcement. The crowds refuse resolutely to leave on any coercion.

This is because Righteousness is there, robed in dramatic energy; speaking, the *Sun* charges, through the voice of a "hysterical lawyer." But his power has now become historical. It is the old story of the walls of Jericho tumbling before a ram's horn. Whoever is blowing the horn, the fact that he understands Jericho is shown by the walls going down. Again we say it is the old story, "One shall chase a thousand. Two shall put ten thousand to flight."

The Editor's Drawer.

This department is devoted to answering questions of fact or theory. Although we do not regard ourselves equipped to answer all questions that may be asked, we shall willingly give whatever information we possess, provided the inquiries are made in good faith; to guarantee this, we ask that all communications be accompanied by the full name and address of the writer. Correspondents complying with this condition may be assured that their communications will receive attention, and if they are not answered in the next issue, they may assume that it is either through want of space, or that time is needed to get accurate information. Anonymous communications will receive only waste-basket attention.

The Single Tax a Delusion and not a Doctrine.

EDITOR SOCIAL ECONOMIST:

The criticisms of the "single tax," in the November number of the SOCIAL ECONOMIST, are so directly in the nature of a challenge to the believers in the doctrine of a single tax on land values, that I beg the privilege of a brief reply.

First.—As to the objection that the single tax is incapable of definition.

It is certainly incumbent on single taxers to state clearly what their proposed tax system is and how it would operate. The editor of the SOCIAL ECONOMIST is familiar with Henry George's books on the land question, which are devoted to a careful exposition of the nature and effects of the single tax.¹ It may therefore seem audacious for me to attempt what, in the opinion of the SOCIAL ECONOMIST, Mr. George has failed to do, and in offering a definition of the single tax I must disclaim any intention of speaking for the single taxers in general.

It is not at all difficult for the average mind to understand the method by which the great bulk of municipal taxation is now raised. The property tax, required by the

laws of most states to be levied equally on all real and personal property, is sufficiently simple to be readily understood.² It will hardly be claimed that the question becomes more difficult if we follow the suggestion of many authorities on taxation and entirely exempt personal property, raising local revenues by a tax levied solely on real estate, which, according to our present law, should be assessed at its full value. Now if we go a step farther and exempt all improvements, whether houses, stores or factories, and levy taxes on the land alone; it does not appear that we are adopting a more complicated tax system. Yet the latter method, extended so as to apply to raising state and federal, as well as municipal revenues, is essentially the single tax.

It may be said that this definition does not agree with that of Henry George, who frequently terms the single tax "a tax on economic rent." But since it is the fact that land yields an economic rent which gives it a selling value, or price, it follows that if in assessing real estate we exempt improvements, the value which remains is economic rent, pure and simple.³ Now, as the taking in full for public purposes of all this rent, or site value, will result in practically destroying the selling price of land, it will be necessary for the assessors to ascertain as near as possible the annual rental value of each parcel of land. This can be done just as easily as the selling value of land can now be estimated, and need not add any perplexities to the duties of the various assessment boards. The gradual sweeping away of all other taxes, customs, internal revenue, income, etc., and the collecting of all—instead of a part, as at present—public revenues from land irrespective of improvements, is surely not a proposition beyond the grasp of ordinary intellects.

So much for the way in which the single tax will be imposed. Whether a majority of the people will endorse the proposed change in methods of taxation, even though they do understand it, is quite another question. I am

satisfied that its simplicity, directness, cheapness and ease of collection, and beneficial effects on industry, from the exemption of all capital engaged in trade or manufacturing, will induce its trial on a large scale in some of the most civilized countries within the near future. The slight extent to which the single tax idea has been already incorporated into the tax laws of New Zealand, has been very satisfactory to the people of that country, and the new ministry of New South Wales is engaged in formulating a tax system which embodies the principles of exempting improvements and the taking for public use of economic rent.

⁴The *second* objection of the SOCIAL ECONOMIST is to the failure of single taxers to explain how they will collect the tax on land values. Here again, it seems to me, Mr. George has already answered his critic.⁴ In Chapter III. of Book VIII. of "Progress and Poverty" he says: All taxes must evidently come from the produce of land, and labor, since there is no other source of wealth than the union of human exertion with the material and forces of nature!" This is entirely consistent with the statement referred to by the SOCIALECONOMIST: that the single tax is not a tax on labor; for Mr. George clearly shows that since economic rent is the share of the total product of labor which goes as payment for the use of land of superior productivity, it follows that taking this rent for public purposes will not reduce the returns which labor would be able to secure for itself. The criticism that if improvements were sold for taxes in event of the occupant of land failing to pay his annual tax, the single tax would be a tax on labor, is merely a verbal quibble. The SOCIAL ECONOMIST would not pretend that if the personal property of a wealthy man who refused to pay the tax on it was sold, the personal property tax was therefore a tax on labor. Of course the property was produced by labor, aided by capital. But labor could not retain it for its own use.

In conclusion permit me to say that the objection to

the single tax on the ground that it is as yet untried will apply to every reform in existing economic conditions advocated by the SOCIAL ECONOMIST. Are the principles which it favors therefore wholly chimerical?

WHIDDEN GRAHAM,
New York City.

Reply by the SOCIAL ECONOMIST.

1. Our correspondent does Henry George's book too much credit when he says it is devoted to a careful exposition or to any exposition whatever of the nature and effects of the single tax. Had that been true our comment would have been impossible. Henry George's book is an exposition more or less careful of a great many complaints against the existing inequalities of condition as to the ownership of land and of productive wealth, all of which are in the nature of diagnosis of alleged social disease for which he prescribes single tax as the cure.

But no line in "Progress and Poverty" states how the single tax is to be assessed or collected. It simply names "the single tax" under some one of the pet names with which Mr. George decorates it, such as "the confiscation of economic rent by taxation," or the like.

2. The single tax is not identical with any property tax which was ever laid in any country, because no attempt has ever been made anywhere to tax land while exempting the improvements from taxation. The distinction that the single tax is not a tax on land itself but only on economic rent of land is so repeatedly asserted by George that no single taxpayer is justified in confounding the two or in asserting that the single tax is thinkable because the ordinary tax on land itself is simple. They are as unlike as an ordinary mortgage on land for £500 is unlike Shylock's bond for the penalty of a pound of flesh after Portia had interpreted it to forbid the taking of "more or less than just one pound," and especially of any drop of blood.

To collect a tax on land itself the land itself must, in

case of and as penalty for non-payment of the tax be put up for sale, and because for sale, therefore for a sale of the right to use the land, and the land can only be used by means of its improvements, *i. e.*, its fences, gates, roads, buildings, etc. To exempt these from the sale is to exempt them from the tax. To include them in the sale is to prevent Henry George's exemption of the value of the improvements from taking effect.

On the other hand to collect a tax on land values, without selling the land, by issuing the writ for the sale of the goods of the land-owner, is in fact to tax his goods in proportion to the value of his lands. If he happens to own no goods the tax would not be collectible, no matter how much land he might own. This, therefore, would not be the single tax, and it might and would be no tax at all, for every land owner would take pains to have his goods owned by some other person and thus he would escape the tax altogether.

3. Our correspondent says that "It is the fact that land yields an economic rent which gives it a selling value," and then says that "The taking in full for public purposes of all this rent or site value will result in practically destroying the selling price of land," and having thus destroyed the value on which the tax is to be levied, he says it will be "just as easy for the assessors to keep right on assessing land according to its annual rental value" (after such value has been destroyed) "as it was before" the rental value was destroyed by confiscation. He then praises the simplicity of a system which taxes all land values or economic rent out of existence and then proceeds to make the continuous taxes on these extinguished values the perpetual means of supporting the government to the exclusion of all other sources of revenue.

4. The citation by our correspondent of an extract from the work of Henry George is not a statement by him of any mode whatever of collecting the single tax. Mr. George has never defined how the single tax is to be so collected

as to exempt the improvements. Mr. William Miller in 1840 could not be said to propose a scheme of ascension to heaven because he predicted that that event would occur. He did not define how gravity would be overcome, nor how the ascending bodies of his devotees would be prevented from freezing at an altitude of four miles, or bursting into gaseous vapor at an altitude of forty miles, or how they would all gather at a common heaven when they went up, radiating from all parts of a spherical planet towards all directions of illimitable space. So Mr. George has proposed no scheme of taxation. He has not told us what coercive inducement shall be brought to bear to pay the tax; what property shall be sold for its non-payment; who, if the land only is sold without the improvements or the right to improve, will bid at such a sale, nor how, if the improvements are also sold, he will exempt improvements from his tax. He has come no nearer to it than Portia did to proposing a scheme for collecting Shylock's bond from Antonio. We waste space once, on this sort of unreason. It belongs to the domain of Millerism.

CURRENCY.—*The Rhodes Plan*. By Bradford R. Rhodes in *Rhodes's Journal of Banking* for November. It proposes to "retire the government issues by using them instead of bonds as security for the new bank-note issues, basing \$125 of the bank-note issues upon \$100 of government notes or silver dollars or gold coin." We cannot see why any bank should pay the government \$100 in greenbacks for the right to issue \$125 in its own notes. It would have to present to the United States \$100 without interest, in order to get the privilege of lending to its customer \$125 on interest. No banker could afford it.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

BRITISH CUSTOMS UNION.—*Wanted ; an Imperial Conference.* By Sir John C. R. Colomb, in *The Nineteenth Century* for December. The writer shows that there is now no taxation assessed on the 11,000,000 of English-speaking tax-payers who live in the Greater Britain, for imperial purposes, *i. e.*, for defraying the cost of the army and navy which defends the whole empire; though each colony and dependency pays the cost of its local army and navy, on which it relies, but only in the first instance, for local defence.

“The mercantile marine of the colonies represented at the recent (Imperial Federation) conference at Ottawa is greater than that of France; the annual value of their sea-borne commerce with others than the mother country is nearly 50 per cent. greater than that of Russia,” is rapidly expanding, and will ere long exceed that of the mother country. He also perceives that “The customs union they want demands the actual reversal of the fiscal policy of the mother country, *viz.*, the abandonment, for the sake of the colonies, of free trade.” At present the total trade of the mother country with her colonies is only 12 per cent. of her total trade. The resolution of the Ottawa convention asks the mother country to place “trade within the Empire,”—*i. e.*, importations of food from her colonies, (12 per cent.)—on a more favorable footing than that which is carried on with other countries (88 per cent.). This demand he thinks would be met by the counter-demand on the part of the 38,000,000 of people dwelling in the United Kingdom that taxation for the defence of the whole empire be met in part by the people of the whole empire.

CANALS.—*Great Canals.* By A. G. Menocal in the *Chautauquan* for December. A too brief account of many of the leading canals of the world from the Great Canal of China to the Sault St. Marie, between Lakes Huron and Michigan which now carries 20,000,000 tons a year, or twice as much in weight as passes through Suez.

CAPITAL, (RIGHTS OF.)—*May a Man Conduct His Business as He Pleases?* By Carroll D. Wright in *The Forum* for December. Mr. Wright argues that the control of government over business is coterminous with the liability of business to disturb the public peace and good order of society. Hence, the condition on which a man may employ and discharge his workmen is that the conditions under which they work are such as to render their employ and discharge peaceful. But if the employer, as at Pullman or Homestead, surrounds the workmen with such conditions as minimize his mobility or capacity to seek employment elsewhere, and maximize the power of the employer to control his mode of work and compensation, until the workmen to the number of many thousands must, at the outset of every contest with their employer, either lose all or take less, and if through this massing of many homes and many wills into dependence on the employer's will, he has at all times a kingly power of confiscation and escheat, with which he can crush out any equality even between the aggregated mass of laborers and himself in adjusting the wage contract, then government must, in the interests of its peasantry, protect the serfs against the barons, because the alleged principle of freedom of contract has become the very scabbard and sheath which holds the oppressor's sword.

Col. Carroll's article sustains practically the position taken by him as Commissioner to investigate the Chicago Strike—that an Inter-State Labor Bureau must in some way get charge of disputes between capital and labor involving the disruption of their relations, when such disruption

occurs on so large a scale as to disturb the peace and break up many homes.

ETHICS IN EDUCATION.—*The Catholic School System in Rome.* By Rev. Ap. Del. Francesco Satolli, Archbishop, etc., in *North American Review* for December. Monsgr. Satolli, in a statistical survey, shows that in numerical strength the schools maintained by the Church in Rome fully equal those maintained by the government. He leaves their superiority to the State schools, in the matter of teaching religion and ethics, to be inferred. His ample opportunities of information on the point would have made it specially instructive had he told us what those things are which the State schools teach to be false or wrong, while the church schools teach them to be true or right. He says, however:

“It being found impossible to procure textbooks, especially in reading and history, which were adapted to the requirements of Catholic schools, the commission had some written in an eminently Catholic spirit, especially for this purpose.”

The Archbishop quotes approvingly a speech commending the Catholic schools, by Ex-minister of Public Instruction, Gioda, which raises an interesting point in industrial and social ethics. Gioda says, “The sisters on entering the order often bring a *dot* [fortune—ED.] with them. When they become aged and infirm they know that the order will not abandon them. *Even if their relatives are in straightened circumstances they cannot aid them, because the income of the institutions is not their property,*” i. e. in ethics, the church system is better than the secular because, though a sister brings a fortune with her into the order, if her relatives become destitute this fortune cannot be drawn upon for their relief, so that the church gets the *dot* without coming under the duty which would devolve on a “lay-teacher who worked for her own support and that of her family.” Is this good ethics?

LABOR.—*A Practical Remedy for Labor Troubles.* By Wm. P. Daniels, Grand Secretary of the Order of Railway Conductors, in *The Midland Monthly*, of Des Moines, Iowa. This writer has a more drastic remedy for labor troubles than most employers would demand or than probably any labor organization would accept. He says "Give to the organization by a national law the same recognition and the same rights that are given to corporations by the different state laws and then hold the organization and its members to a performance of their duties and a fulfillment of their agreements. Require all organizations to incorporate under this law or disband. Then when any organization through its proper officers or representatives makes a contract or agreement with any employer for its members, make a violation of the provisions of such a contract by any employer or his officer or agent, or by any member of the organization, a misdemeanor punishable by imprisonment." The English trade unionists have fought shy of incorporation knowing that it would subject the union treasuries to actions for damages sustained by employers and the public through strikes. It would also bring American trade unions into nearly the condition of socialistic responsibility for the acts of their members which prevail in the Russian *mir* and *artel*, which are practically bondsmen for all their members.

PARLIAMENTARY GOVERNMENT.—*If the House of Commons were Abolished.* By Sidney Low in *The Nineteenth Century* for December. A really logical argument that by the practice of electing members of Parliament pledged to support the party leader, and by the fixed law of opinion which binds every M.P. to vote with his leader, the deliberative functions of the House of Commons have all been abolished, and the government is, in fact, run by the Cabinet and the party caucus, which latter consists of the "minister of the opposition" and a few friends. There can no longer be a vote of want of confidence by the majority party, nor by any member of it, in its own ministry.

Hence, Parliament has ceased to be a body to which any minister or Cabinet is responsible. On the contrary, the political duty of each member of the majority party is to obey the prime minister. In this condition of things the House of Commons has become as much a fifth wheel as the House of Lords or the Queen. It neither legislates nor controls the executive, nor determines financial policies, nor constitutes an arena for the discussion of grievances, nor appoints ministers, nor tests or selects public men in debate. All effective discussion of public questions is in Cabinet meetings; all effective handling of petitions consists in getting them before a Cabinet minister, and the most effective method of getting a question before the public for discussion is by monster meetings, a petition to and interview with a Cabinet minister, a letter to the *Times* or an article in a Review. Ministers may be changed by popular elections which are generally brought about by adverse bye-elections, but not by votes of want of confidence by members of the premier's own party, for that has become fatal to the political prospects of the member casting such a vote. So that Roebuck's celebrated saying, "The King! it is the Commons," will have to be changed to "The King! it is the party caucus."

POVERTY.—*Is the West Discontented? a Local Study of Facts.* By J. H. Canfield, in *The Forum* for December. Prof. Canfield sent inquiries among the people of Nebraska, and he found that discontent, like the ague, was over in the next township. An audience would applaud a speaker who told them they were pauperized but they would not sell out their possessions at less than a sum represented by a big unit and three cyphers.

Among the Books.

Joint Metallism. BY ANSON PHELPS STOKES. 14 pp. G. P. Putnam's Sons. Second edition enlarged.

Mr. Stokes declares on his title-page that his book exhibits "a plan by which gold and silver together, at ratios always based on their relative market values, may be made the metallic basis of a sound, honest self-regulating and permanent currency, without frequent recoinings, and without danger of one metal driving out the other."

Mr. Stokes proposes that the weight of silver which is identical with the weight of the gold in a \$5 gold-piece, be coined into permanent silver "pieces" or money of account to be called standards. On the first day of each month the Secretary of the Treasury shall certify what number of these standards (having, we judge, a probable value of about 14 cents each) are worth a \$5 gold-piece, according "to the average market values of gold and silver from the time of the passage of the act and based on the average market values of all the intervening months. This number is to be the ratio for that current month. A \$5 gold-piece plus said number of standards will constitute \$10 in lawful money during that month."

The book is made up of citations from the writings of economists, and tables in finance statistics, which are supposed to sustain the view that this device will effect the result promised on the title-page. The Second edition expands the argument and the citations.

It is the quantity in weight of silver which the Secretary certifies each month to be worth \$5, which is made the means of payment of one-half of all deferred payments for that month. The Secretary's certificate of the quantity of wheat, steel or oxen which would in that month be worth \$5, would be just as near to making wheat, steel or oxen part of the standard of value as Mr. Stokes's plan comes to making silver part of the standard of value. If there is a principle in Bi-metallism which has any value at all, it must consist in regarding the relative variability in value of gold and silver when measured against commodities as being utterly unknown and unknowable from the evidence, and in therefore assuming that a standard of values which is the mean between the two metals is intrinsically a less variable standard of value than either gold or silver alone. In Mr. Stokes's plan a given weight of silver is not made a standard nor any

part of a standard but a given weight of gold is made the absolute and sole standard. The most significant sentence in Mr. Stokes's book is this: "To incur a debt that must be paid on a gold basis is to sell gold short, when the short interest is known to be eight times as great as the total amount of the stock in existence." And yet we are compelled to regard this as borrowing a fallacious simile from the operations of the wheat market, which does not apply in the money market.

The price of wheat is fixed in a great degree by the cost of production and supply of the one article—wheat. But the price of commodities as measured in the "means of payment," does not depend on the cost of production or supply of the commodity itself and of gold only, but of all the means of payment, viz.: of all the transferable values and exchangeable credits which will be found available as "means of payment" on the day the debt comes due. No corner can be got on means of payment since no imagination can prescribe a limit to the diversity of exchangeable values or credits which the creditor may find it to his interest to accept in preference to gold coin as the equivalent of his loan. He may take it in government bonds, bank stocks, land, dry goods or in a new obligation of the same debtor. Nor is the quantity of gold in existence any criterion of the quantity of debt it can cancel. On black Friday the payment of \$4,000,000 in gold had the effect to cancel hundreds of millions of debt.

La Femme aux Etats-Unis, par C. DE VARIGNY. Paris: Armand Colin & Cie. 1893. 322 pp. (Paper.)

This book is written in the belief that our American civilization is in advance of the European; that there is nothing in the country more characteristic of the peculiar type this civilization has taken than the position which women occupy;* that the influence of women in the advancement of civilization and on social progress is greater than that of political institutions, administrative mechanism or economic movement; and that this influence is not only increasing in the United States to-day, but is casting a powerful and revolutionary element back into the civilization of western Europe, Americanizing it.

M. de Varigny contrasts the ideas, instincts and traditions of women under the two civilizations, separated as they are by a gulf,

*See Brice's *American Commonwealth*, Chapter CV.

legal as well as social, which seems to him wider and deeper than the ocean which stretches between the two countries. He finds the explanation of this difference in the industrial environment rather than in the intellectual development of the American people. In the settlement of America, the Anglo-Saxon woman became the companion and equal of man in a way that was impossible in the pastoral East, or even in Europe, where so much that is feudal in life and character still remains. The Protestant Reformation gave her equal religious rights; the conditions of colonial life and the difficulties attendant on emigration and the taking up of a new continent secured to woman many civil rights and equal intellectual opportunities. She not only has schools of her own—Smith, Vassar, Wellesley, Bryn Mawr, Barnard and Radcliff—but she very largely directs the schools and the school policy of the country.

But it is of more importance in the mind of the author that in the two generations which have passed since the second war for independence, American women have been learning how to spend the wealth their husbands, fathers and brothers have acquired in mining, manufacture and commerce in such a way as to elevate the home, increase culture, refine the æsthetic taste—and render woman more truly the queen in American life. Her highest and best influence is thus exercised in the schoolroom and the home, not in factory, field or legislative hall.

It may be doubted, however, whether the growth of woman's rights is even as great in the United States to-day as it was upwards of twenty centuries ago in some of the Grecian states. Aristotle in his "Politics and Economics" cites a condition of things in certain states of Greece wherein women owned a greater proportion than men of the real estate; voted, held office, served on the police and in the army, and fought in battle. In Egypt, also, the burden of recent research indicates that the relation of fatherhood was so superseded in social dignity by that of motherhood that the family name was transmitted by the mother only, property was heritable and descendible only from the mother and the marital promise by the bridegroom was to obey the bride. M. de Varigny can hardly contend that these antecedents of feminine precedence in social power have been improved upon in modern times.

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GEORGE GUNTON, EDITOR.

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Why Northern Wealth Grows Faster Than Southern.

The South, thus far, is constantly expending, in the forcible adjustment of society by the shot-gun, an amount of nerve and brain force about corresponding to that which the North is expending in multiplying inventions, organizing capital, writing books and improving the processes of wealth production. The old South of ante-bellum days covers an area larger than that of the old North as 10 to 6, with a population smaller, as 5 to 10.

Machine power aids Northern people so much more than it does the Southern, that if the entire machine power in use in the United States were estimated as equal to the hand labor of 1,200,000,000 persons, the North would be found to have at least five-sixths and the South less than one-sixth of this machine power. In short, in the North about 47,000,000 persons are reinforced by a machine and animal power equal to that of 1,000,000,000 persons, while in the South about 22,000,000 persons are aided by a machine and animal power equal to that of perhaps 200,000,000 persons, and nearly half of this machine power in the South consists in railroads built by Northern capital. Southern capital has supplied a machine power which may be liberally estimated at one-twelfth as great as that which is reinforcing the industry of the Northern people.

The great economic lesson which the North has been teaching the South for fifty years, is that it is about ten times cheaper and more profitable to enslave the gratuitous powers of nature, viz. : gravity, steam, electricity, sunshine

and rain, than to cripple and ruin by coercive force the costly powers of man. These forces of rapid wealth creation are what makes the rate of wages for a carpenter or mason \$4 a day at the North and \$1.50 a day in East Tennessee. They are what ties down the production of pig iron in Birmingham, Alabama, to the quantity that can be profitably produced for a price lower by \$3.50 per ton than pig iron is worth in Pittsburgh, because it costs \$3.50 a ton to send it from Birmingham to Pittsburgh. This will continue as long as Pittsburgh continues to be the centre of consumption of pig iron by being the centre of production of the finished forms of iron and steel.

What the South needs in order to carry the rate of wages and the standard of living four-fold as high as they now are, is not cheaper labor nor cheaper land. Both these are entirely too cheap. Land ought to be ten-fold as dear and labor about four-fold as dear as they are. The South needs the reinforcement its industries would get from a machine power in the form of railways, mills, mines, furnaces and factories such as would be represented by a capital of \$20,000,000,000. This is necessary to bring its rate of wages, its values of land, its cheapness of money, its earnings of industry, its standard of life and its grade of civilization up to that of the North. It must close up the sneaking and cowardly route to the lynching-bee and the burning-pyre, and must blaze open the overgrown, pathless and untrodden jungle that separates its people from the Patent Office. It must put away its pocket-pistols and get out its spy-glasses. Being a century and a half behind, it needs them to see the present. It will thus discern that by means of machine power every man becomes exactly what the slave-holder sought to become through slavery, viz.: one who directs toil but never performs it. Machine power does essentially all the toil of the North, draws our crops to market, carries our people to business, writes our letters, weaves our cloth, harvests our crops, drains our swamps, arrests our criminals, dwarfs our con-

troversies and creates our wealth. The South is poor relatively to the North for the same reason that Persia, India and China are poor relatively to Great Britain, viz.: because it hugs tight to hand labor and slow production.

A number of persons of wealth, some of whom are connected with the Standard Oil Company, some with religious and missionary enterprises, and some with mining, iron-making, drainage of swamps, building of railways and other essentials of progress, are doing what they can to create a new era of diversified industries and general education in the South.

Hamilton Diston, of Philadelphia, in 1880, found the public lands of Florida tied up under a mortgage and injunction which prevented the state from selling or improving or draining or in any way utilizing them. The entire state had only 416 miles of railroad and 147,000 people, though it had been the first part of the United States to be settled.

By an advance of about \$1,000,000, Diston cleared the state of its debt, enabled 1312 miles of new railroad to be built in six years, caused Sir Charles Reed, of England, to buy up 2,000,000 acres and proceed to plant colonies of Englishmen on it; caused an ex-member of the British Parliament, Mr. H. Villiers Stuart, of Dromana, County Waterford, to devote his life to the development of large bodies of land in Orange County, Florida. He caused Dr. Wittfield, of Germany, the Lupfer brothers of Franklin County, Pa., Mr. Ezra Osborne, of New Jersey, and scores of others, to invest their fortunes in Florida. Mr. Osborne entered upon the planting of a cocoanut walk seventy miles long near Lake Worth, to include from 800,000 to 1,000,000 trees, each of which would produce, throughout the century or more of their bearing, from 150 to 300 nuts per annum. About six new hotels were built in Jacksonville, and finally Mr. Flagler invested several millions, in presenting the South with a hotel which should not be excelled in magnificence by any in the North—the

Ponce de Leon. Florida is rapidly springing into life under these influences.

At Tampa, Mr. Plant of New York, erected a hotel at a cost of over \$1,000,000. At Lake Worth, 300 miles south of Jacksonville, and farther south than Lake Okeechobee, Mr. Flagler has constructed a magnificent hotel capable of accommodating over 900 guests, and has built a railroad to it from Jacksonville at his own cost, which he is pushing still farther south, opening up the Everglades and the former interminable swamps of Southern Florida to settlement. Mr. Plant, who built the first railroad to Jacksonville, has invested \$15,000,000 of his own money and has induced other Northern men to invest. Mr. Flagler has invested \$12,000,000 himself and is also inducing others.

As a consequence, between 1880 and 1890 the population of Florida increased 45.24 per cent. while that of Pennsylvania increased only 22.77 per cent. and the average for the entire country was 24.86 per cent. The production of oranges has more than doubled in ten years. While Florida was thus growing, one-third of the counties in the South as a whole were diminishing in population. Elsewhere throughout the South agents are at work inducing migration of Americans to Mexico, and one agent, with headquarters in Northern Georgia, has contracted to deport and deliver 5,000 negroes in Mexico within a few months.

Meanwhile the Florida legislature occupies itself with passing laws to enable the old "crackers," poor white trash, allegator hunters and swamp lumbermen to get a living out of the incoming capital by a system of petty plunder. It enacts that cows killed by the trains on the new railroads shall be paid for at the rate of \$100 each, though at the average they are worth \$15, which makes it a better business to get the cows killed than to milk them. It divests the populations of Jacksonville, Ocala, Pensacola and other towns largely affected by the new immigra-

tion, of the right of self-government, and places over them boards of state commissioners appointed by the Governor.

It passed complicated ballot laws making voting so difficult that none but a quick, ready reader among the negroes could get his ballots into the right box, but in the case of an equally illiterate "cracker" voter, the inspectors placed the ballots for him so that his vote would be counted. The chief object of the election laws was to take the control of elections out of the hands of voters and transfer it to those who count the votes. Lately the transportation interests and "progressive democrats" have got control of part of the counting, including a majority of the legislature.

Meanwhile some county in Texas indicts Flagler for violation of a silly and utterly ignorant Texas state law against trusts.

The theory of the indictment is that the existence of the Standard Oil Trust in New York raises the price of oil unlawfully in Texas. Of course on the same basis the Texas Grand Jury could indict Li Hung Chang for raising the price of tea, or the Rothschilds for raising the price of gold.

Under the Texas indictment a requisition from the Governor (Hogg) of Texas on Governor Flower of New York for the rendition of Flagler as a fugitive from justice was made, which Governor Flower denied as based on perjury on its face. The same requisition was then made on Governor Mitchell, of Florida, and at first, without giving any hearing to Flagler, was granted. Had Flagler been accessible at the moment he would have been promptly shipped to Texas for imprisonment and trial.

Affidavits being filed with Mitchell showing that Flagler was never in Texas, Mitchell lacked the hardihood to deny a hearing and opened the question for argument. If sustained, it would be equally competent for the Texas legislature to make it a criminal offence for a Northern capitalist to buy Southern land, or to own

stock in a Southern railroad or to contribute money in aid of a Southern school. In that way requisitions could be issued for nearly every Northern capitalist, or winter tourist to the South, and Southern chivalry would in moss-grown monotony resume its ancient lifeless melancholy reign over Southern swamps.

Meanwhile Mr. Metcalf, an editor whom Mr. Flagler had in part induced to attempt to propagate the doctrine of a new and progressive South against the old and retrogressive South, has not fared so well as Mr. Flagler. He was in the country and unarmed and could therefore be lashed. He had edited the *North American Review* and the *Forum*, but he had trusted his corpus in Jacksonville. The same arguments which Brooks addressed to Sumner have been visited on the back of Metcalf by a man who came armed with one bowie-knife for his own use only. Is it any wonder that an ex-colonel in the Union army whom Mr. Beecher once introduced to a public audience as "the finest living orator in America" has declared that the South contains not an acre of land worth fighting for, nor a township of people worth living with?

We have grouped, in this article, a few of the causes which keep capital and labor from rushing into the South. The fact is, both are compelled to advance into the South by slow stages, as our armies did in the war of 1861-5, and to entrench and fortify as they go. We need not wonder, therefore, that almost no foreign and very little Northern immigration reaches the South, except as it goes in numbers strong enough for self-protection, as at Anniston, Birmingham, Ironton, Chattanooga, Atlanta and most parts of East Tennessee.

It is not merely protection from personal violence and from the obduracy of social hostility that is needed, though these are indispensable. It is not merely the full liberty of advocating distinctively Northern ideas and policies, though this is everywhere denied. Northern capital needs, in order to work effectively in the South, the per-

sistent ascendancy in the local legislation of the Southern States and in congress of laws adapted to protect the higher (Northern) civilization against the lower (Southern), to protect credit in all its forms against repudiation, invested wealth against predatory vandalism. It cannot have an extended credit system without banks, nor a large immigration of skilled operatives into a country where one newspaper can truthfully print at the head of its editorial page, as does the *Chattanooga Press*, that it is the only Republican evening paper published south of the Ohio River.

Before the South can see train-loads of skilled workmen moving in among its mountains, to build up vast cities, where now are stagnant solitudes, the husband and father must know that the aegis of law stands between his family and all harm in his absence, wholly irrespective of their views or convictions, and the wife must believe that her protector goes to his toil in security and will return at sunset unharmed. Before investors will build factories on a large scale in the South, it must be apparent to them that laborers will feel that there is no discrimination as to their rights or freedom in that country more than in any other. The standard of life of the whole mass of the Southern people, not only of the whites but of the blacks, must be so raised that they will be heavy consumers of advance grades of goods, of a great diversity of apparel, of the most attractive habitations and furniture, of the best foods cooked in the best manner, of the costliest paintings and the largest libraries. Only in this way can the local market rise to a standard of demand which will make it profitable for capital to carry on the advanced manufactures among them. The first effective demand necessary to call manufactures into existence must always be the home demand. Unless the people among whom manufactures are to be founded have a high standard of life, not merely on the part of a few cotton planters, but of the great bulk of the population, black as well as white, diversified indus-

tries cannot seek them. Capital, machinery and high profits, high wages, great land-values, credit institutions, cities, millionaires and internal improvements, a mighty press, an urgent civilization, must all avoid them. Labor must be dear in order that it may be worth while to pay for machinery to save labor. Machinery and capital must move in platoons, all kinds aiding and reinforcing each other or they cannot move at all.

In no form would the ores and forests of the South possess a higher value in smaller compass than when converted into pianos. But the piano manufacture will only invade the mountains of Tennessee when the mass of Southern workers, instead of toiling manually themselves, are superintending the toil of machinery. Then there will be a demand for a piano in every house in the South where now there is a demand only for a jewsharp or a banjo. The iron and steel industry cannot get much farther than the manufacture of pig iron until Southern residences, now generally so poorly built and badly warmed, create a universal local demand for furnaces, heating-pipes in winter, refrigeration or cold storage in summer, luxurious baths and sanitary plumbing, while Southern rivers take on steel bridges and local transportation generally demands steam and electricity as quicker and cheaper than the mule. All these elements of progress and wealth-creation require a working population intellectually ambitious and competent, each one of them, to direct some single mechanical process, to stoke an engine, tend a loom, feed a press, or guide a cauldron of Bessemer—processes which singly are even less complex than skinning coons or shooting alligators. It is only through a vast working population educated to the habit of directing machine power at high wages, instead of performing the manual toil itself at low wages that the directors of industry at the South can amass fortunes, or even avoid being driven to the wall in their competitions with the larger capitals and greater machine power and better local market

of the North, as Irish and Scotch manufacturers have been driven out by the English within a century.

If the South is to become quickly a country of machine-power, it has the most vital interest in the education of its black population, especially in the mechanical arts and in the use of tools. The blacks must constitute fully half the grand army of operatives and artisans on whose success in the use of machine power the future aristocracy of the South must depend for careers as the directors of industry and for interest and dividends on capitals invested. In this way only can the blacks of the United States be marshalled into successful competition with the blacks of India among whom machine power is being introduced as rapidly as they can handle it.

The average Southern judgment is that the education of the negro ought to stop at the point which will leave him a good manual worker, house servant and field hand. Education cannot, in practise, be limited to the most useful things, either among whites or blacks. It has its ruts and must follow them. Schools must teach what they know.

Higher schools in the South for the education of the colored race are sustained at present more from missionary and religious than from industrial motives, and more from the pockets of Northern multi-millionaires like the Rockefellers and Colgates, than from the treasuries of the states in which they are doing their work. Southern Christians stare frigidly at the work, and Southern doors are closed from hospitality or recognition of those engaged in it. Herein the Southern aristocracy show themselves as short-sighted and as bent on keeping the South poor as they did in voting for secession, in fighting for disunion, or again in voting for free trade.

A properly educated Southern peasantry backed by capital could, in a very few years, add to the sum total of Southern productions that \$100,000,000 worth of sugar, that \$60,000,000 worth of tea and that \$20,000,000 worth

of raw silk which we now derive wholly from abroad. It is not the color of the blacks which repels white immigration, but the ignorance which degrades their modes of labor. Let a black man show himself an expert in oratory as Douglass, Bruce and others have done, and white men will speak from the same platform with him. If Jackson can tie Corbett in a fight, Corbett must fight him again. Superior skill will get recognition even under a black skin.

The first point essential to the industrial New South is that the old Bourbon South should confess and perceive that machine power and high wages are better than muscular or negro power and lower wages ; that these and immigration depend upon the encouragement in the South of the highest standard of living. These await the higher education of the masses, and hence that the wealth of the rich waits for a rise in the standard of life of the lowly.

Hence ninety-three per cent. of the population of the South continues to be "native Southern." All the political policies which have strength enough to elect a representative are measures devised to enable the Southern people to treasure up their poverty as if it were wealth and to systematize their violations of human rights as if they were civilization and law. The North with ten-fold the machine power of the South will continue to earn ten dollars where the South earns one and the South will continue to charge this daily miracle to the ascendancy of Wall street, the power of trusts and of banks, and the demonetization of silver. The most extreme scoundrels possible to Northern civilization will continue to make large dividends and pay their debts promptly while paying high wages, because they have harnessed in aid of the labor power of the North a machine power equal to that of a billion of hand laborers who cost nothing for food, lodging, clothes and civil order. The most chivalrous men of the South will continue to mortgage their plantations to merchant Jews who sell their supplies on forced time, give them an added lien on their land for every pound of bacon they consume

at a hundred per cent. profit on the price and eighteen per cent. interest on the balance, notwithstanding they eke out the wages of their hands with honey-fugling and shoot dead the Gastons who recommend their servants to seek higher wages elsewhere. This contrast will continue until the Southern people come to believe in a complex civilization, a diversity of industries, perfect security to labor and capital, free speech, banks, social peace, corporations, trusts, dividends, trade-unions, high wages, high tariffs and the general weal of the working-class. Assassination of the feeble, the timid and the non-combatant as the penalty of either lower or higher civilization must go, as duelling, secession, nullification, the internal slave trade, and international filibustering have already in a great part disappeared. To grow rich the South must become humane. Her Christians must be less sedulous in the conservation of hell and the adoration of devils.

Meanwhile Europeans and Northern men must be free to "carpet bag" in the South as they are free to travel in Egypt, Turkey or Siberia, without being compelled like a traveller in China to fire off crackers in front of every joss-temple of local confederate opinion, moon-shining custom, or negro-euchreing barbarism. They must be free to proclaim the ethics which prevail in countries where man-owning has never existed; free to live up to the text: "Say ye not a confederacy to all to whom this people shall say a confederacy."

French View of Socialism.*

GENTLEMEN:—Socialism has a thousand different aspects. What makes it strong to-day is the fact that it has an organization specially adapted for attack; it can control all its divisions and show to the soldiers that it unites under

* From an address delivered by Leon Say, at a meeting of the Industrial Society of Amiens, November 10, 1894. Translated from *Le Journal des Economists* for December, by Prof. Arthur B. Woodford.

its different flags a single clear object, definitely and brutally proclaimed: the destruction of society as it exists at present. They say it is necessary to destroy society in order to kill the germs of evil with which they declare society to be infected—germs of that evil which makes the humble and small, depressed and poor, suffer for the benefit of the proud and great, the oppressors—the wealthy.

The germs which are to be eradicated are first of all the capital which has been monopolized by the rich; then the master to whom is due the invention of the odious wage-system, and finally competition, which has given birth to the horrible struggle for existence to which so many poor people succumb, pitilessly crushed by capitalistic civilization. It is necessary to begin by destroying what is; we will see afterwards what can be done regarding agreement as to what shall be.

To accomplish this destruction some recommend violent means; this is Revolution. Others are of the opinion that it is wise to take preparatory measures, introducing into Parliament laws which shall disorganize bourgeois society; this is Diplomacy. Still others seem contented with struggling for power. They seek by every means possible to make use of the Parliamentary majority, putting it at odds with itself as often as possible. When they shall gain control they will open the floodgates of heaven and there will be a deluge; this is Tactics.

Revolution, Diplomacy, Tactics, offer different methods but they all arrive at the same end: destruction.

Force, dissimulation, criticism, each is of service and each cultivates the field best suited to its temperament and intelligence. Scientific criticism is not the least dangerous of the three modes of attack. It has the appearance of a prediction and of philosophic learning. It is insinuating and its approaches are made without disquieting, more than is prudent, the old political parties which have grown great in their oratorical struggles and have always been nourished by general discussions.

All economic facts and all the natural laws by which these facts have been explained by economic writers are submitted to a wise and searching criticism. Those who push this criticism with the greatest vigor and talent have invented nothing, however. They live on the contradictions, natural and necessary, in economic science, as charlatans live on the natural contradictions in physiology and medicine, contradictions which are inherent in every science of observation which studies the paradoxes of nature. But socialists, like everyone else, find art more difficult than criticism. When they are asked for the plan of the social structure which is to replace the one they are going to destroy, they are surprised. Astonished by the audacity of such a question, they take refuge in generalities.

They desire to regenerate mankind; the old must disappear; they desire to put a new world in its place. Their way of doing this is to create a new man. The socialist abolishes the man of to-day because he is not a perfect being. He would create him on a new score and in the image of what he believes to be "well and good," without troubling himself with the true, and pretending to free him from the bondage of the contradictory laws of an imperfect nature. In freeing man from the fetters placed on his development by the laws of his nature, they say they will banish evil from the world in its most hideous form: the moral and physical suffering of innocent beings.

Unfortunately the socialism which tries to extirpate evil from this world does not see that it is dashing itself against an impassable barrier which can never be razed by humanity, if, indeed, it can be lowered, except it be to rise again to the same height a little farther off, like an eternal horizon. Evil, for it is evil which must be overcome, is the necessary opposite of good. We should have no notion of good had we never been the prey of evil.

We are human beings and like all nature we live in a state of unstable equilibrium. Organic life is a struggle and nothing but a struggle; it has prizes only, if, indeed, it

have any, for those who struggle and if there were not any contradiction in it, it would have no value. There is no tranquility in anything that lives.

All religions, all the great leaders of men, have sought to solve the problem of evil. Religions alone have approached the end, by placing the field of battle on this side of life, and the victory on the other. They have consoled humanity and have given it moments of happiness. But even they have not solved for men the secret which shall render them masters of evil and insure the definite triumph of good. Has their victory over evil been general and without a to-morrow? Has not the calm of some souls been bought by the violent agitation of a greater number? History is full of frightful misfortunes with which religious wars have filled the world: persecutions, massacres, tortures. The religions which have most nearly overcome the evil in creation have not succeeded in abolishing it or been able to say to humanity that it would ever be liberated from it.

The great leaders of mankind who, by their genius, have imposed themselves on the world and have overcome it by giving their stamp to it, have tried to make evil disappear by relegating it to the lower strata of human society and localizing it in the inferior black and red races which a superior race has nourished in the stable like domestic animals, sacrificing them to the tranquility of those whom force of arm or vigor of intelligence had made their master.

When the Spaniards arrived in Peru they found there, to their great astonishment, a society well advanced and very different from European civilization, where the gold which had been accumulated in abundance in the temples and palaces raised to honor and protect the dominant race had no monetary value, where capitalistic speculation was unknown, but also where a very numerous race of the second order was employed in serving a class limited in number but endowed with a superior intelligence.

In 1847, Prescott, the historian of the conquest of Peru, said: "The Peruvian of the lower caste, working all his life for others, can be compared to one condemned to the treadmill, always turning in the same circle of endless fatigue with the consciousness that, however profitable the product of his labor may be for the state, there is absolutely nothing for himself."

This people of the lower class gave themselves without reserve to the race of the Incas. They showed even to the last day during the war of conquest a devotion which is without parallel, to a master who was traitorously arrested in the midst of his army by Pizarro; they obeyed the slightest order which the monarch sent them by means of capable emissaries while he was still prisoner.

They had as a mission, and they were penetrated by it, to assure the happiness of the Children of the Sun, but since pure happiness is not possible in this world, the Children of the Sun did not fail to destroy it by their jealousies, their internal divisions and their desire for conquest. Evil had been localized but it escaped the limits of the district assigned to it.

Socialists think they have found another solution. They want to rebuild a Republic of Plato without slavery and revivify the empire of the Incas without an inferior caste. To accomplish this they think it is sufficient to suppress capital and the capitalist class and to nationalize the instruments of production. They would reorganize society by the emancipation of the land and of industrial capital. The land and capital withdrawn from the hands of owners and of individuals would be placed at the disposition of the community to be used for the benefit of all. This is pure collectiveism which would be thus realized by the abolition of private property. It is at the same time an experimental lesson which if prolonged would modify the nature of man and make him moral by education. Everybody being master of all, no one would any longer have either the taste or the means to take possession of

anything. To gain wealth would be to steal from oneself, because to take what belongs to one is to give to everyone the right to take it back again. Misdemeanors evidently cannot exist where there are no laws to violate, and morals would again become the natural law of man because there was no longer any sin. Morality would reign without effort, because evil no longer entices anyone, and there is no longer any temptation. Evil, in a word, dies for want of nourishment. There are no longer classes or hostilities between citizens, since there are no longer either employers or employees, or wages, or buying, or selling. Production is for the common good, and the suppression of competition renders useless the struggle for life which is the inexhaustible source of human misery. All socialists dream of nothing if it be not this dream to which they surrender themselves. Unfortunately for them, the leaders of the socialist school have not learned that by virtue of a law of creation more powerful than they, it will never be possible for them to suppress either competition or the struggle for existence, or the pressure to work, or the gaining of life by the sweat of the brow. Their system is a pure Utopia. Humanity never has existed and never will exist in repose. Work is possible only in contest and work is the supreme law of humanity. Humanity has left barbarism only by labor, and people who have had the least effort in overcoming the forces of nature and in destroying the obstacles which the niggardliness of nature and the inclemency of the season bring into their existence, have reached civilization later or less completely than others.

[After quoting from Charles Dunoyer and Sir William Temple, Hume and Colbert, concerning the way in which obstacles to man's ambition act as an incentive to industry—first, the physical, then intellectual, and finally the moral and social barriers—and calling attention to the necessity of exercise as a condition of life and healthful activity in the physical world and in physiology, M. Say speaks at length of the function of economic science, laments the

fact that it is studied so little, and quotes at length from the recommendations of his grandfather, Jean Baptist Say, concerning a course in social economics, made under the Restoration.]

“It is humiliating to think that there are in France so many citizens who reason backwards concerning economic truths and have no notion of political economy, of industrial or social economy. * * * This programme, even after seventy years, is one which it would be well to develop in order to extend in towns and in the country fundamental and elementary notions of economic science. I would like to see given everywhere courses in economic science more or less like those of the Conservatoire des Arts et Metiers in Paris.

“It is not the teachings of dogmatic socialists and of those who favor the national ownership of the instruments of production which would most likely be destroyed by this propaganda. Doctrinaire socialists stir up the passions and by criticism of existing society can lead restless men to destroy civilization and society. But the Utopian character of their conclusions, a collectiveism which is nearly indefinable, and the easily understood character of their proposals of spoliation would not make great ravages in society if we were not met on another side by an enemy which, in my opinion, it is more difficult to overcome. This enemy is bourgeois or state socialism. State socialism has been thought out in order to oppose dogmatic and revolutionary socialism. It flourishes in Germany, and what ought to make other nations reflect before yielding to it, is the fact that, instead of stopping revolutionary socialism, it has contributed to its development. The state socialism of Prince Bismarck and the German professors, who are commonly called Socialists of the Chair, has not weakened the force of current socialism; on the contrary, it has rendered it more formidable, and the bureaucratic dam with which they have undertaken to oppose it, might well be carried away one fine day, in spite of the care which has been used and the scientific precautions taken in building it.

“State socialism is a moderate socialism; or, rather, it is the socialism of moderate people. It respects property and established society. It does not pretend to correct human nature or fill up the gaps in creation; but it is disposed to confer upon the state the most extended powers. It does not go so far as to replace royalty by divine right with the divine State of Hegel, and its doctrine stops short of regarding the state as a beneficent providence; but it regards the state as a providence for the unfortunate and the feeble, and even in some cases the providence of those whose affairs are in disorder. It is not God, but it is His prophet. To the state socialist, the state is a personal being, a great lord, the greatest of the lords, a very wealthy person, having the largest fortune in the world to spend. This rich person ought to be a good man, and it is his mission to convert other wealthy people, if they are evil. If he cannot convert them, he should compel them to fulfill their social duties.

“At bottom what distinguishes the state socialist from a liberal is that he extends as far as possible the attributes of the state, while the liberal seeks to bring them within narrow limits. Regulation is the great method of government, and bureaucracy the ideal which the state socialist has conceived. Beyond and above theocracy, aristocracy and democracy, he has discovered a fourth formula—bureaucracy. God is the social power in theocracy, honor in aristocracy, virtue in democracy, and regulation in bureaucracy. Montesquieu has been surpassed. Humanity ought to be controlled by bureaucracy; it ought to be made good by bureaucracy; it ought to be stimulated by the examples which bureaucracy furnishes it. State socialists aim to make the state a great manufacturer and a great merchant. They believe themselves logicians, arguing that because the state carries on the post and telegraph systems successfully, it should undertake banking and transportation enterprises, insurance, and so forth. They do not perceive that in government the final word is—do not go too far.”

[M. Say then discusses at length German insurance laws and the laws in restraint of the manufacture and sale of liquors and concludes with the following statement of principles:]

It is necessary to respect the free exercise of human faculties and not make the state interfere save where the absolute necessity is shown and with the reserve that it should never break or weaken the strength of individual initiative.

The law should never be called on to act alone in the solution of social problems, without the aid of individual effort and of moral law. The law alone will always be too weak. To appeal to the secular arm, that is to say, to the law, with its coterie of functionaries and of executive and repressive agents, can only be experimental and is always dangerous. It makes might right. It is, moreover, sleeping in a false security at the risk of perishing. It is, at the same time, to avow that one despairs of humanity and to show symptoms of the great disease of the century: pessimism.

To be liberal is to be faithful to the great tradition of the French Revolution, and to be optimistic. The future belongs to such.

Fallacies that Fool Fiatists.*

EDITOR OF THE SOCIAL ECONOMIST:—

The fatal defect of all the plans for relieving the country by currency laws, if we except Mr. St. John's and General Warner's, is that they ignore the law of legal tender, and appear to be framed entirely in the interest of the banks. (1.)

Our government is getting into deep trouble while the industries and commerce of the country are well nigh paralyzed, because the laws of the country are not obeyed.

(*The figures inserted herein indicate the points selected for reply by the Editor, whose comments follow the letter.)

By law silver dollars are full legal-tender money. The only exception to that is as to contracts made payable in other terms. This exception was inserted on the plea that certain old leases in New York were conditional for the rentals to be paid in Spanish milled dollars.

The laws of 1875, authorizing the Secretary to provide for resumption by selling bonds for *coin*, did not specify any amount, nor was gold named.

The law of 1878 forbade any further resumption. Redemption is not exchanging one form of legal-tender money for another.

France maintains the parity of her money by indiscriminate use of all. We allow others to discriminate as to kind, and France does not. The equality of lawful American dollars cannot be maintained by inducing a disparity and promoting it as the Treasury is now doing.

For all purposes of reserve the silver is a safer metal in time of panic or social disorders, because of its greater bulk. It is less likely to be removed and concealed, therefore more likely to be ever ready to perform its great function: use. (2.)

In the consideration of this great question, due weight is not given to the fact that all money is created by the sovereign power which, in our country, is vested in the people. Why should not the enormous gain realized from the issue of substitutes for metallic money, as well as the great profit realized from that which is lost by fire, flood and accident, inure to the public Treasury?

Why should not that perfect security to every holder which perfect uniformity in style and appearance and with all the safeguards which government can best provide against counterfeiting and over-issue, be preserved?

As an economic factor, the saving of time to those who handle money and become so used to a uniform currency as to quickly detect an imitation, should be considered.

Under wise laws limiting issues of legal-tender money its saving to the public can be computed, in part only, in dollars.

It would all be active money. Banks compound their interest at sixty days on loans, at least a large part of their loanable capital is so compounded. \$500,000,000 of legal-tender money would double itself in less than twelve years, compounded at six per cent., and that is less than the average interest paid by the people.

In eighty-four years it would amount to \$64,000,000—more than the total wealth of our country in 1890. (4.)

(A computation now would probably be less than \$40,000,000, owing to the shrinkage in values.)

There is nothing more plainly taught in economic science than that money measures values. In view of that, what does *elastic*, *flexible* money mean?

Men like to buy cheap and sell dear. But why do we need, or why have an elastic measure of values more than an elastic yard-stick or surveyor's chain? (5.)

The terms sound well, but are misleading. It is when money is in most active demand that pure speculation is fostered, and panics are incubated.

All the necessities of more active use of capital can then be supplied by an extension of credit appliances, provided we have a legitimate, solid foundation of stable, lawful money, the regulator of values, and the universal solvents of debts.

Can any man who was cognizant of the tremendous energies aroused during our great civil war by the supply of this all-powerful "instrument of association" believe that this great nation, with its illimitable resources and power to develop them, may not keep at par with specie \$1,000,000,000 of legal-tender paper more easily than France does \$600,000,000? (6.) Or, believe that the power to do so can only be exerted to kill and destroy, and may not to *save* even from a worse fate than was the people?

We did not ask Europe as to the orthodoxy of our methods when gold and silver shrunk out of sight in 1861. In that mightiest display of creative and destructive energy on the part of 35,000,000 of people ever recorded in his-

tory, we found ways and means, as did England in her contest with Napoleon Buonaparte.

The welfare of bankers is not the chief end of man. The supply by the sovereign of a sufficiency of money to develop the energies of the people in the creation of and the exchanges incident thereto of all wealths, is a duty of the highest import. (7.) This will in no wise affect adversely accumulated capital, the demand for which will be increased by the general prosperity, for it can then all be profitably employed as it is not now, when prices are declining. The people need more lawful money, and easier access to it, not more credit money to be itself subject to violent fluctuations and a breeder of panics.

The general government is now the largest single agency for the use of money. (8.) That which will be taken by its tax gatherers will be received by all others. Its receipts and disbursements are now about \$500,000,000 annually.

This is not intended as an argument for inflation, but to suggest the only true remedy for existing evils, the most grievous and destructive possible. The continuous persistent decline of prices is fast destroying confidence in the value of all property; it is bankrupting nations as well as corporations and individuals, and, unless checked, will break down social order. This has been predicted by some of the staunchest advocates of gold monometallism, by Chancellor Goschen, at the Paris conference in 1881, and by Baron Rothschild at Brussels, as a result certain to follow a general adoption of the gold standard. This must be considered in any system of reform.

A general persistent decline of prices in an era like this when so much of the world's progress depends upon the validity and integrity of time contracts, must be destructive. (9.)

Debtors cannot be bankrupted without injury to creditors. To destroy the equities existing between debtor and creditor by legislation, is revolutionary, as Prof. Lavelaye said to the Belgian Chambers.

The utter insufficiency of gold alone is proved by its constant rise in purchasing power. The first step toward reform is to restore silver to its natural place, in the interest of justice and of humanity. It will then be found that both metals are insufficient.

In the "Future of Silver," by Prof. E. Suess of the University of Vienna, an able work translated for the U. S. Senate last year, he says: "For a number of years, on the basis of geologic experience, the world has been warned that its monetary system was drifting toward an abyss. During the past year we have approached close to its edge."

Charlottesville, Va., Dec. 31, 1894. I. W. PORTER.

(I.) THE LEGAL TENDER FALLACY.

The exchanges of the country are performed by means of from \$45,000,000,000 to \$60,000,000,000 of bank credits, which offset each other in the clearing-houses, and about \$1,600,000,000 of paper notes and coin which we call currency. About one thirty-seventh, therefore, of the commerce of the country, apart from the retail trade and wages class of payment, is performed by means of currency, and thirty-six thirty-sevenths of it by means of bank credit.

Our correspondent should do the banks the justice to recognize the fact that they may honestly believe that besides the legal tender laws there are laws of value or economic laws which are higher than legal-tender laws and that one of these economic laws is that if silver can be continuously produced at a cost of only eight to one, as compared with gold, and when produced can be freely coined at a nominal value of sixteen to one, as compared with gold coin, then the value of silver coin, under free coinage, must fall to its cost of continuous production; *i. e.*, the value of a silver dollar freely coined must fall to fifty cents in the United States as it has fallen in Mexico. Believing this and not

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desiring to see American standard dollars sink to half their value, are bankers not bound in honor as well as interest to oppose free coinage of silver, under a law of economics which is higher than the legal-tender law, *viz*: "Thou shalt not steal," by paying a dollar of debt with fifty cents of value?

(2.) THE DEPRESSION OR LOW PRICES FALLACY.

Our correspondent forgets that in the decade between 1883 and 1893, according to reports of our Director of the Mint, the stock of standard silver coin in use in the commercial world has been increased by \$1,300,000,000, or by fully half as much in ten years as the whole silver coinage of the previous four centuries had accumulated. About \$580,000,000 of this addition has been made in the United States and is represented by United States certificates payable in silver. If plenty of standard silver could help put up prices of merchandise, labor or land, you have had it. You do not seem to know that you might as well stand under Niagara's torrent and complain that you are kept dry by the predictions of the weather bureau of the government, as live through the torrential and diluvian flood of standard silver coin that has drenched the whole financial world since silver was demonetized, and claim that the laws against its free coinage have neutralized the inflating effect on prices which ought to ensue from its actual coinage in such unprecedented volume. All the silver combined which was coined in the United States or in the world during the century preceding the demonetization of silver was only about one-seventieth part of the coinage of fifteen years past.

Of course it is the actual coinage only which could help prices or values, not a prohibition relating to the privilege of coinage. Hence the low prices plea is vain. In fact, as large a bulk of values has risen as has fallen. Land, labor and all the great instruments of reproduction had, until within two years, risen in value, and these are at all

times very much greater in dimensions of value than commodities.

(3.) THE CHEAP MONEY FALLACY.

The public Treasury has been getting all the benefit which could accrue from substituting Treasury notes for gold and silver coin as the basis of our commerce for thirty years. It is this which now brings the Treasury into the trough of the sea where it cannot even by the issue of new bonds at the rate of \$100,000,000 a year keep its gold in the Treasury with which to hold up its Treasury notes. When it ceases they will be quoted at fifty cents on the dollar. The Treasury is now the only debtor in the country that can be called on to pay coin, and it can only a few months longer pay gold coin. Is national bankruptcy to be cured by piling up the debt on which we are already bankrupt until it is not worth a "continental," as it was during the period of continental money?

One leading cause of the low value of silver bullion may be the diminished demand for silver coin due to the long-continued supposed success of the United States in dispensing with the legal use of coin of any kind. The resultant loss in value due to the diminished demand fell with most force on the precious metal whose cost of production was declining most. As the apparent success of the greenback helped to impair the value of silver, to issue more greenbacks now as a means to raise the value of silver is to use the hair of the same dog to cure the bite.

(4.) THE INTEREST-GORGON FALLACY.

Rates of interest bear the proportion to the average earnings of industry of one to four. If, therefore, interest would eat up the value on which the principal is loaned in twelve years, wages would consume the capital that employs it in three years. The average annual increase or earnings on all the capital in the country working conjointly with all the labor of the country is twenty-four per cent. Therefore there is no more danger that interest

will swallow up wages than there is that one of the four sides of all the parallelograms in the world will swallow up the other three sides, or that the gastric juice in the stomachs of all the men and animals in the world will immediately proceed to digest the whole animal.

A scare can only be got up on the interest question by assuming that the receiver of interest is a capacious maw that swallows up and never evolves, that consumes and never creates. This is on the same basis as that by which it can be demonstrated that if the ocean contained two codfish a hundred years ago, it must to-day consist of solid codfish, as it would require every inch of its space to contain all the codfish a single pair would spawn in a century. Figures must be used with sense or they make greater fools of men than liquor makes.

(5.) THE "FLEXIBLE YARD-STICK" FALLACY.

Nobody desires that money itself shall be flexible, but that the volume or quantity of it in use should be flexible, just as the quantity or volume in use of yard-sticks, pound weights and other commercial measures, except circulating notes and coin, actually is. Merchants can have as many yard-sticks as they choose to create or pay for. Therefore there is perfect flexibility in the volume of yard-sticks, pound weights, etc. But there would not be if they were issued by government, in a form that made every yard-stick a promise by the government to exchange it for a yard of velvet, and therefore compelled the government to limit the number of yard-sticks it should issue.

What we want is to make the volume of money exactly as elastic as the volume of yard-sticks by segregating it wholly from the element of public debt, divesting it wholly of the quality of being a means of draining the Treasury and placing it in the relation of costless supply to the demand of commercial paper for discount, so that it will expand and contract under exactly the same laws as govern the quantity of yard-sticks or pound weights in use.

(6.) THE "FOLLOW FRANCE" FALLACY.

France has not six hundred millions, in either francs or dollars, of legal-tender paper money in circulation, nor a cent's worth. The only paper notes circulating as currency in France are the notes of the Bank of France which has a branch in each of the eighty-seven departments of France. It is customary for the government to impart the quality of *cours forces*, or legal tender to the notes of the Bank of France in periods of public exigency (war), but to withdraw it on the return of normal conditions.

If this country had had in 1862 an institution like the Bank of France, specie payments could probably have been maintained, or if any premium appeared on gold it would have been but slight, and this fact alone would have reduced the cost of the war by nearly half.

France is aided in maintaining silver by the fact that she has no Treasury notes to maintain. She makes her payments, therefore, largely in silver and the public creditor must take whatever proportion of his pay in silver she offers. But if she were a bankrupt debtor, carrying tons upon tons of demand notes which she could not pay, her case would be different.

(7.) THE "FIAT MONEY" FALLACY.

Government never undertakes to supply the people with money except when it has no money itself. All that its money, therefore, can represent at any time is the hole left by an explosion--the vacuum made by a defaulter. Then if it issues legal tenders and carries them up to par, it has wrought a miracle. But a people can no more rely upon miracle as a standing resource than they can pay off a national debt with the manna and quail that will come in the desert.

Conceding that our greenback aided us for a time in minimizing the disasters brought upon us by a great financial blunder in the abolition, through the pigheadedness of Jackson and Tyler, of a government bank, we should

not forget that both Jackson and Tyler professed to concede the utility of such an institution and to differ with Congress only as to the method of forming it, that Congress voted for it at least nine times, and that the people in 1840, the last time it was voted upon, voted for it overwhelmingly, and that no financial statesman of either party ever denied its value.

(8.) "THE GREATNESS OF GOVERNMENT" FALLACY.

If by the "use of money" our correspondent intends to indicate that the Federal Government is the largest single receiver and disbursing of the means of payment, the statement is in form true. But when we consider that the government receives and pays only about \$350,000,000 per annum, while the bank clearings in 1892 were \$61,535,493,426, though now they are about \$17,000,000,000 less, it is plain that the degree in which "means of payment" are supplied by bank credit is sixty-fold the degree in which they are supplied by government payments.

(9). THE DECLINE IN PRICES FALLACY.

We have already shown under our second head that silver never had so good a chance to put up prices as during the fifteen years last past, because it had never before been issued in such large volume, and that in fact land and all instruments of production and labor had, until our crisis of 1893, been steadily rising. These three constitute nine-tenths of all values at all times, land alone forming more than half, and labor alone having a value which draws to itself for consumption about eighty-five per cent. of each year's product of industry for the ninety-one per cent. of our population engaged in labor.*

It is not all values that have declined, therefore, as it would be if gold had risen in universal purchasing power, but only the value of product which has declined, while the

*See Art. "Census Distribution of Wealth" in SOCIAL ECONOMIST for March, 1894.

value of the means of production has been rising, including chiefly land, labor and capital. This conclusively proves that gold, as a purchasing agent, has not risen in value, even if it be admitted that money in its comprehensive sense, considered as a part of the mechanism of production, has risen in productive efficiency along with the other means of production, and therefore in purchasing power relatively to such commodities as are the free products of its own use.

If we take the gross foreign trade (imports and exports) of Great Britain, France, the United States and India,* which constitute four-tenths of the world's foreign trade, and compare the means by which it was transacted in 1860 to 1864 with those used from 1886 to 1890, we find that the first was a period of rapidly rising prices of commodities, though in this period silver formed only 40 per cent. of the specie medium used in effecting the exchange, while in the second, or period of falling prices, silver was 45 per cent. But the all-important fact is that, while the movement of merchandise doubled in the second period as compared with the first, the percentage of specie used to merchandise moved, declined more than one-half.

Period.	Movement of Merchandise.	Movement of Specie.	Per cent. of Specie used to Mdse.	Prod't of gold and silver.
1860-64	\$18,568,736,213	\$3,143,656,271	17	\$792,350,000
1886-90	36,204,527,385	2,717,334,783	7½	1,284,291,000
Difference.	\$17,635,791,172	\$426,321,485	9½	\$491,941,000

In short, if the specie actually employed in moving merchandise in the latter period had moved no more goods per dollar than in the first, it would have moved less than

*See Art. in *Forum* for January, "Has Gold Risen?"

\$16,000,000,000 worth of goods, whereas it actually did move over \$36,200,000,000, or \$20,200,000,000 more, and a five per cent. larger share in this economy in the use of both metals applies to silver than to gold, because a five per cent. larger proportion of it came into use. This shows that "money" has been increasingly utilized through its credit substitutes, and through its increased production combined, by 188 per cent., as against 95 per cent. increase of commerce and less than 40 per cent. increase of population. But because "money" had obtained an increased utility, in common with land, labor and all other productive agents, it would no more follow that gold, which is only a part of the material of "money," had risen in price than that an increase in the efficiency of locomotives should raise the price of iron per ton, though it would be likely to raise the aggregate value of machine power.

Judicial Ignorance of the Law.

In a case tried in the United States Court at Chicago the judge (Seaman) charged a jury to find a verdict as matter of law for the defendant, a railroad company, on the ground that the injury sued for occurred at a point where the railroad committing the injury was the lessee of the tracks of the Stock Yards Company, and that the obligation devolved on the Stock Yards Company to furnish a proper crossing. The Stock Yards Company having failed to provide a proper crossing, the Milwaukee and St. Paul Railroad Company had full right as the lessee of the Stock Yards track to run its engines over this track, and if it killed or injured a child on the way it was not liable, but could refer the injured party for damages to the Stock Yards Company.

One after another every man of the twelve jurors, to his infinite honor, rose and said to the judge:

"Your Honor, I cannot render such a verdict."

The judge finally induced eleven jurors to render, under protest, the verdict he commanded, and fined the twelfth juror one hundred dollars for refusing to render the verdict.

The startling feature in the whole transaction is that the jurors were right as to the law, and that Judge Seaman was as absolutely wrong as it is possible for any judge to be, in a country where the law rests upon precedent, and there are forty-five different sets of state courts grinding out the precedents.

"The American and English Encyclopædia of Law" is as good an authority as has ever been published in this country on every department of law, and in Vol. XIX., p. 899, in treating of railroads, "under the sub-head" relative liability of lessor and lessee, says: "In all cases of negligent or other tortious injury, the lessor and the lessee of a railroad are equally liable, and the injured party may recover from either." The numerous cases cited under this head, some of which are in Illinois, show that so far as this rule has been departed from, it has been in letting out the lessor road, but never in allowing the road whose train commits the injury to escape from its liability for damages.

Nearly all the decisions rendered by judges in railway cases are rendered by the judge with the motive of getting the counselship of some railway when he retires from the bench. One of the ablest lawyers in Illinois a few years ago wrote an extended treatise on all the accident cases that had ever been brought against railways in that state, with the effect of showing that no judgment against a railway in an accident case had ever been finally affirmed by the Supreme Court of that state. Still the rule in Illinois as laid down in Toledo, etc., *R. R. Co. vs. Rumbold* 40 Ill. 143, and *East St. Louis R. R. Co. vs. Gerber* 82, Ill. 632, is that the lessor and lessee of a railroad are jointly and severally liable for injuries caused to cattle from improper construction of fences, or to crossing travellers from defective construction of crossings. There are few if any

cases in harmony with Judge Seaman's ruling while there are hundreds against it, if, indeed, they are not unanimous. The courts of the country generally are filling up with judicial ignoramuses who neither know nor care what the law is, but who dispense judicial decisions from the single motive of currying favor with those who in turn can render a good turn to the judge. No part of our government is in worse plight than our judiciary.

Spencer's Ethical System.*

VAN BUREN DENSLOW.

In an article reviewing Mr. Spencer's latest work in its December issue, the SOCIAL ECONOMIST noticed his admission in his preface to this volume that the doctrine of evolution seemed in some unaccountable and disappointing way to have "run out" when he reached ethics, so that he says: "There are only here and there and more especially in the closing chapters, conclusions evolutionary in origin that are additional to or different from those which are current."

On turning to these closing chapters we find that they introduce, though in a narrow and as it seems to us a perverted and belittling manner, certain impulses toward action, or as Fourier would say certain "passions," as Adam Smith has outlined certain "moral sentiments founded on human sympathy" which it is hard to chain and handcuff down to Mr. Spencer's standard of ethical value, viz.: that they tend first and primarily toward the rescue of the individual in his struggle for existence with his environment, and secondarily toward the preservation of the species rather than the individual when one or the other has to be sacrificed, the first form of which is classed as egoism and the second as altruism.

**The Principles of Ethics.* By Herbert Spencer, Vol. II., N. Y., D. Appleton & Co.

Mr. Spencer, struggles hard to classify under his two forms of motive—both of which are admitted to be modifications of self-love—those actions which he calls “undeserved payments” (generosity, presents, etc.); “displays of ability” (emulation); “blame” (demanding as a right a certain standard of excellence in others); “praise” (worship, adoration, the expression of devotion whether to actual or to ideal persons, principles or beliefs); “marital beneficence” (*Fourier*—sexual attraction); “parental beneficence” (which stands in all religions as the type of the relation of deity toward humanity and is therefore beyond all other relations one in which sentiment subordinates interest), as well as “social beneficence” (philanthropy), and “political beneficence” (patriotism). All these springs of conduct are certainly cramped out of proportion worse than the feet of a Chinese lady when they are made to serve the theory that all ethical motive is resolvable into that which preserves either self or the species. But when motive is thus forced, we still have left whole legions of motives over which the lasso of either egoism or altruism cannot be thrown. When the little child looked at the painting of Waterloo through intellectual spectacles of that simplicity which thought all human conduct reducible to the categories of good and bad, she naturally inquired of her father: “Papa, which of those are the good people and which are the bad people?”

No answer to such a question is possible, not merely because the facts of history are too complex to be followed, but because the great movements of large masses of men are universally known to be governed by attractions and repulsions into which elements enter which are founded on race, differences of civilization, of economic systems, forms of industry, religions, customs, etc., giving rise to principles of ethnic and social law as distinct from any doctrine of “ought” or of “right and wrong” as are the tendency in nature of bears to rob bees and of bees to sting bears, or the tendency of iron to rust.

The passion of emulation and rivalry or pride is one of the earliest and strongest in animals and birds, as may be seen in horses when they race and in birds when they sing. No person can divide the degree in which it is altoistic from that in which it is egoistic, since we must regard others kindly in order to desire to excel them, and we must love the excellence that is in us, rather than love ourselves irrespective of our excellence, or we would not feel mortified at our failure to excel. But if it is the principle of excellence that we love, more than we love ourselves, that causes us to be mortified at our own inferiority, then the sentiment that gives us pain is our love for excellence itself and not for self or others. For the passion for excellence is like the passion for truth, for beauty, for purity, for harmony, for music, for art, for order, for the new, for the mysterious, for the creative, for the unknowable, for the unselfish, for the immortal, for the universal, for the divine!

To say that all these passions are resolvable into the selfish and the altoistic, or into those that tend to preserve the individual or the species, is contemptible and despicable beyond the power of words to express. On the contrary the individual and the species become worth preserving only in the degree that these many and various passions dominate over all that relates to the preservation of the mere vessel in which they are the content, or the vegetative nature to which they are the inspiration and the divine fire.

To explain to a child that the reason he should love his parent before others is that he is more likely to derive from his parent the nutrition essential to his existence, is simply insulting to the filial sentiment. So to say to Sir Isaac Newton when he is studying year by year the variations in the moon's motions to find out whether they are what they ought to be if determined simply by the moon's weight as a falling body, that such studies are made right by their tendency to preserve the species, or to preserve

Sir Isaac Newton, is to reduce the love of truth to a mere desire for wages.

On the contrary if Mr. Spencer had embraced, in his view of ethics, the theory that there are as many sources of ethical passion as there are attractions and repulsions in the universe, is it not possible that he would have found his laws, not only of evolution, but of involution, and of dissolution, widening and multiplying in their complications with every forward step in the progress of society? He would have found a passion for proximate immortality underlying all ambition, and a passion for absolute immortality at the base of all religion. Both are as distinct from the love of self and the love of others, as they are from the enjoyment of art, invention or discovery. The question whether there is in the universe an objective fact or state to which such a passion stands in the relation in which the faculty of sight and the passion for beauty stand to a work of art is aside from the recognition of the existence of the passion. It might be conceded that the strongest of all passions might be the passion for delusions and dreams and the greatest of all delights and pains consisted in the love of the non-existent and the fear of things which could never occur. So much the more clearly would it be neither ourself nor our species that we would love, in loving these airy nothings of the imagination. So much the more positively would we add to all other ethical motives the love of fiction, which is almost identical with creative art.

The attempt to merge all affections into love of self relatively to others and love of others relatively to self, is an attempt to shroud the whole of man's higher nature under the death-mantle of interest. So far from furnishing an ethical system, it makes nothing ethical that is not interested—no duty but gain in some form. To show how radically unphilosophical this must be, we have only to consider that the prime motive of nearly all crime, vice and immorality are the better preservation of self or of the

species, and much wrong conduct springs directly from altruistic motives, thus conforming to Mr. Spencer's standard of the ethical. If ninety-seven per cent. of a population are competent to live by productive and useful industry, and three per cent. fail in the effort to do so and therefore take to petty thieving, imposture or vice and so live in a state of daily trespass and deduction from the earnings of others, but not in a degree to destroy the means of subsistence of any, but are merely parasites on society who do not lessen materially society's ability to survive, in such case the aggregate sustentation and preservation of species is three per cent. greater by the help of this parasitic criminal class than it could be if none lived but those who are competent to live by industry alone.

Most breaches of right and duty are committed by the less competent members of society expressly for temporary self-preservation from suffering, under circumstances of industrial failure. The pinched bank-clerk handling millions but earning only hundreds, anxious that his wife and daughters may have a sealskin sacque, steals from the most altruistic motives and from those as directly germane to the preservation both of self and of species as can well be. And if, through the aggregate of all crime, vice and immorality three per cent. more of humanity are made to survive than would survive without it, it is all mustered by Mr. Spencer's ultimate standard within the pale of the ethically right.

Jacob's deception upon Isaac, to deprive Esau of his birthright, stands condemned in every ethical standard, but it tended directly to aid Jacob and his posterity to survive thriftily while it left Esau at full liberty to survive less thriftily.

Before Mr. Spencer can give his moral standard a true historical basis, he must show that the aggregate effect of all unethical conduct is to diminish the aggregate number of individuals and species which survive. And inasmuch as the parasitic principle of which all crime and vice are

part, *i.e.*, living by deduction from the means of living of others, is one that pervades nature, both animal and vegetable in all its parts, Mr. Spencer should be able to show that fewer individuals and species exist in both the great kingdoms of nature than would exist if those individuals and species which belong to parasitic life were eliminated.

The one fact with which ethical conduct grows is the diversification of human powers, as the one condition on which wealth grows is the diversification of industry. But in this diversification of powers men cease to think of standards of right and wrong because in the finer evolution of human conduct they cease to be known by that name. Yet to strike the wrong key in music, to wear a wrong color in one's attire, to deliver an ungraceful gesture in oratory, to make an unwise investment in finance, suggest an inapt argument to a jury, repose confidence in an untrustworthy employee, or even to adopt a theory of ethics which unwarrantably assumes that the object of life is meat instead of the object of meat being life, all these offences against the law whereby the highest ethical right is found in the most diversified evolution of human powers, may be classed as moral offences by those upon whose sensitiveness they grate harshly. Pursuing this line Mr. Spencer would find ethics differentiating as he advanced instead of becoming at each step more narrow and simple.

Social Conditions at the South.

The strictures on this section made by the editor of SOCIAL ECONOMIST in the December number of that magazine, were evidently dictated by a conviction that the "barbarities" spoken of had a real existence.

There are still a few Northern people who look on the South as a half-civilized country, as hopeless, measured by their "ethics," as that of the unspeakable Turk. Those who hold such views are, however, thanks to a closer contact between the two regions commercially and politically,

constantly in a more insignificant minority. Much as the temptation urges, however, it would be false to the interests of this section, so maligned by the editor, to answer his criminations in the same spirit in which they were made.

It shall, therefore, only be attempted to give some insight as to the actual state of this benighted (?) land. To be compelled to make such a statement at this late day, when there is so little excuse for not knowing the facts, is, it must be confessed, galling to the spirit of an ardent believer and supporter of a South new in every fibre of its composition.

Some part of the accusations may be denied *in toto*. There is no more resort to violence in the settlement of differences in the South than in any other part of the United States. So-called "affairs of honor" have been almost unknown for more than a quarter of a century. The constitutions of many states expressly prohibit duelling, and in Tennessee principals and seconds in such affairs are incapable of holding any public office.

Nor is there any abridgment of the right of free speech in any Southern state. These charges are met by a simple denial. They would not have been made if the real conditions had been known.

As for the assassinations, mobs and murders enumerated, it may be said in answer, without entering into any controversy regarding the truth of several of the affairs spoken of, as could be done, that as many such violations of the "ethics of civilization" are reported from your vicinity in the pages of any daily paper.

The New Yorker, in view of recent developments, will find enough to occupy his attention close at home, without extending his missionary zeal, in true Jellaby style, to a distant region. Glaring headlines depict Southern "outrages" in the most exaggerated detail, while authentic comparative statistics as to the frequency of homicidal acts and other crimes in the different sections are never given.

According to the census of 1890, there were 7,331 prisoners in the United States held for homicide, of whom 2,739 were negroes.

These were distributed as follows:

	White.	Negro.	Ratio per Million White Popula'n.
North-Atlantic States,	963	124	55.3
South-Atlantic States,	284	783	32.2
North-Central States,	1,532	264	68.7
South-Central States,	1,017	1,528	93.3
Western States,	796	40	265.3

The ratio is here computed for the white race alone. This is only fair. The negro, of course, from his poverty and low condition is naturally the chief law-breaker.

The charges as to Southern murders are especially in reference to the "fiery aristocrats"; this elimination is, therefore, only in justice to them.

From this table it would appear that the West was certainly a "barbarous" section, where life, liberty and property had little protection, while on the other hand, the South-Atlantic states offer the best inducements to the lover of a peaceful neighborhood.

If we extend the comparison further, and take in consideration *all* prisoners confined in penitentiaries of the United States, the showing is equally as favorable to our section.

In the North-Atlantic states the ratio of convicts per million of inhabitants is 832; in the South-Atlantic 730; in the North-Central 491; in the South-Central 842 and in the Western 1,341.

Of the 15,707 convicts in the two Southern divisions, however, 11,232 were negroes. If the white prisoners alone were compared with those of other sections, it would be shown that there was less lawlessness at the South than in any other part of the country. Nor can it be claimed that this small ratio of prisoners is due to a lax enforce-

ment of the law. The Superintendent of the Census says in his Bulletin No. 182, from which these facts are taken, that the "percentage of sentences for 20 years and over is greater in the South-Central divisions than in any other."

While the details of lynching and the circumstances surrounding them are much magnified and distorted by the press, yet it cannot be denied that these outbreaks do occur too frequently in certain regions of the South and I agree that it is a stain on our social fabric not easily wiped out.

These occurrences, however, are not peculiar to our section.

The crime, which is generally the incentive for this over-riding of the law, is of such a character as to incite the people to these acts in no matter what section it occurs. The number of negro lynchings in the different parts of the country are found to be almost in proportion to their respective negro population. No community where this crime has been committed has been free from this spirit of anarchy, developed under the excitement of such conditions. The recent episode at Washington Court House, Ohio, exemplifies this fact.

The Hon. Jas. P. Bryce, the great foreign commentator on our institutions, in speaking of this reversion to the people of the execution of the law, gives the following reasons, as, to some extent explaining and justifying such action: "Lynch law is not unknown in Indiana and Ohio. Now lynch law, however shocking it may seem to Europeans and New Englanders, is far removed from arbitrary violence. According to the testimony of careful observers, it is very seldom abused, and its proceedings are generally conducted with some regularity of form as well as fairness of spirit. What are the circumstances? Those highly technical rules of judicial procedure which America owes to the English common law have to be applied in districts where population is thin, where there are very few officers either for the apprehension of offenders or for

the hunting of evidence against them, and where, according to common belief, judges and jurors are occasionally 'squared' or 'got at.'

"Many crimes would go unpunished if some more speedy and efficient method of dealing with them were not adopted. Crime is uncommon in many districts and the people have concluded that it is cheaper and simpler to take the law into their own hands." This is the ablest defense that can be made for these occurrences, yet it does not prove lynch law justifiable. The South is least able to cope with this evil on account of lynchings occurring most frequently in sparsely-settled districts, far from the reach of the officers of the law; also on account of the much greater frequency of the crime especially provoking mob violence. Similar conditions in all sections produce like results, so lynchings may be looked on as a national and not a sectional evil. In fact in 1891, there were thirty such occurrences in the North and West.

The consideration of this question naturally leads into the discussion of the great race problem—political, social and scientific in aspect.

None will deny that the South has devoted every energy to the elevation of the freedmen. It has taxed its people millions of dollars for the education of this race, and exerted every effort to further the negro's progress and lift him up to a higher standard of civilization.

Let us see what are the results of this one-third-of-a-century effort to make this child-race fit for the franchise of citizenship so imprudently given it:

The negro, while he has made wonderful advance, considering everything, is not yet able to enter unassisted the struggle for existence. Education has stimulated great progress in a few individual instances, it is true, but to appreciate its effect, we must examine the average condition of the race. A careful survey of the situation leads to the conclusion that the economic progress has not yet reached up to support the intellectual, and the class which

is depended on to lead to the improved condition desired invariably fails to survive when forced to enter the contest with their abler white competitors.

Too much effort comparatively has been made on the intellectual man, and too little training and aid given to industrial development.

Where the negro has come in contact with the superior race as an artisan or mechanic, great progress has been made, and his achievements augur the brightest future. The technical schools have also rendered much valuable assistance along this line.

But the great mass of the race are still engaged in agricultural pursuits in regions where they are often in the majority. The efforts here at producing better conditions have been innocuous, and the plantation negro of to-day is even lower than his *ante-bellum* ancestor.

These districts cry aloud for white immigration.

Nevertheless, a better appreciation of the difficulties of the race question exists, both in the North and South, than ever before. And there is more hope for its future solution. It will, it is thought, gradually work itself out by the elimination of the unfit until a certain proportion of the inferior race becomes assimilated. This, however, is a work of ages, and one that requires much patience and sympathetic aid. One of the most retarding influences is removed, now that there is no longer any fear of negro political domination. The local politicians, who under the guise of a great party's name have formerly controlled his vote, have lost their ill-used power.

The intellectual advance the negro has made has caused him to cast aside these influences. The division of his eagerly-sought vote has removed the tension which made necessary a "solid South."

The last election cleaved this asunder to the regret of no true lover of this section. It necessarily means that new issues can now be introduced and a divorcement from old prejudices and sectionalism will result.

It is out of place, in the face of these facts, that such misconceptions of Southern conditions should still exist. A short trip through the country would convince the most sceptical of the great change that has taken place. In Chattanooga several years ago, a vote was taken, through one of the newspapers, as to the one hundred citizens who had done most in building up the town; forty-two of those selected were veterans of the late civil war, and of these twenty-one served on each side in that conflict. Atlanta, Nashville and Memphis, centers, as you claim, of lawlessness, contain a large number of Northern citizens who have aided materially in their development. The active contact of these people has produced most fraternal relations between them.

This region has now the advantage of an acknowledged superiority in industrial conditions.

No assumption of danger to life or property or suppression of free speech should prevent the South receiving the immigration now alone necessary to make its great future assured. These dangers have no existence in fact. In no part of the country is law and order better preserved.

G. F. MILTON.

THE NEW YORK *Tribune* has earned the respect and gratitude both of organized laborers and the public in the temperate but firm and fair treatment of the Brooklyn strike. It is nearly the only paper in the metropolis that has had the courage to defend the demands of the men and frankly state the truth regarding the trolley companies. When this disgraceful conflict has subsided, the editorial columns of the *Tribune* will stand out in honorable contrast to the truckling attitude of the other metropolitan journals. We congratulate the *Tribune* upon the high moral, economic and truly American stand it has taken in this affair.

Editorial Crucible.

THE SERIES of public economic lectures which President Gunton is delivering on Wednesday evenings at the Lecture Hall of the College of Social Economics, at Union Square, corner Sixteenth street, New York, is being reported weekly and published in the *Dolgeville Herald*.

The titles of the lectures thus far delivered have been as follows:—Jan. 2, The Missing Link in the Wages System; Jan. 9, Needed Reform of Labor Reformers; Jan. 16, Social Lessons from Recent Strikes; Jan. 23, Paper money and Economics of Banking; Jan. 30, What Legislation Can Do.

THE REPORT of the Gilder Committee on Tenements is a great step in the right direction. After reviewing the condition of New York tenements, the committee makes twenty-one specific recommendations, of which, at least, fifteen ought to be put into law this session. Specially important are the recommendations that the Board of Health be given the power to condemn all unsanitary buildings. It is high time that unwholesome tenements were made unprofitable; so long as the ownership of rookeries is profitable they will remain. Let it once be known in earnest that whoever invests in such property does so only to lose the investment, and nobody will want to own them. The recommendation for two more parks below Fourteenth Street and the provision for sufficient play-grounds surrounding public schools are recommendations that should receive prompt attention by the Legislature. The importance of asphaltting all the streets in the tenement-house district and the extension of kindergartens as a part of the public-school system, cannot be overestimated.

THE OUTBREAK of violence at Honolulu has been predicted frequently in many quarters since President Cleveland withdrew the sole war vessel from Hawaii. Admiral

Walker has called repeatedly on the President and Mr. Gresham urging the continuous presence of a war vessel in Honolulu. The course of our government, therefore, has been exactly what it would have been had it desired to give the disaffected in Hawaii the best possible opportunity to restore the dusky Queen. In this matter the President has simply acted up to the established democratic doctrine that the object of civil government is to enable rulers to grant plums to personal friends and court favorites. The daughter of Queen Liliuokalani came from England to Washington, at the very outset of the Hawaiian revolution, to negotiate in person with President Cleveland for the safety of the "throne" to which she was heir.

She achieved the favor of Mrs. Cleveland, the *eclat* of whose hospitality was enhanced by the assumption that exiled royalty sought her sympathy. Since that time the interests of the American and missionary residents of Hawaii have been subordinated to the desire of the President to prove that Liliuokalani's daughter was in fact a princess royal.

IT IS with great satisfaction that we quote the following from an editorial in the New York *Tribune* (Jan. 24) on the Brooklyn conflict.

"The managers of the trolley companies do not deny, and they cannot deny, that they have violated the laws as to stock watering, as to hours of labor, and as to the speed of their cars. They do not deny, and they cannot deny, that they have used their employees with conspicuous unfairness, injustice and oppression * * * They have been guilty of serious offences against the statutes, against public sentiment and against common decency. * * * No city in this country has ever been cursed with more unscrupulous and objectionable mismanagement of transportation lines than that of the chief trolley lines in Brooklyn. * * * After the supremacy of the law is completely restored in Brooklyn, after the peace and quiet of the city have been brought back, after all riot and outbreak have been vigorously suppressed, then there ought to be a stern reckoning with the managers, officers and directors of the trolley companies of Brooklyn."

It is gratifying to know that we still have in New York City one great daily left that is true to the spirit of Ameri-

can fairness and decency, and has the courage to tell the truth at the risk of offending large corporations.

THE FACT that a coalition of the conservative republican and moderate monarchist elements in France should be necessary to prevent the election of M. Brisson, the socialist candidate, augurs ill for the immediate success of M. Faure's administration. The newly-elected president has long experience and moderate popularity without commanding prestige or brilliant powers. The socialists have opened on him the full vials of their scurrilous epithets, the quality and pertinence of which may be judged from the fact that because President Faure's son-in-law is director of the Congo State, the president becomes a Congolese, whatever that may mean. France must solve the problem of a government by billingsgate, or a continual attempt to effect revolution by blackguardism. Casimir Perier yielded to it absolutely, confessing that he could not stand it to be called so many vile names.

If governments can be overthrown by billingsgate, of course the dregs of society will soon come to the top.

It is a little singular that this capacity for the utilization of blackguardism as an effective agent in revolution should first have made itself apparent in a country where manners have long since exaggerated politeness until it became an utterly hypocritical pretence and where the duelling code has maintained itself in general esteem in spite of the law. It seems now as difficult to the French republic to keep up a working stock of good manners as it is to the American republic to maintain its gold reserve.

THE LONDON *Economist* raises precisely the objection which the SOCIAL ECONOMIST has steadily and from the first raised to not only the Carlisle plan, and the Baltimore plan, but to the Walker plan, Horace White plan, the Rhodes plan and all the plans of getting over to an

alleged "elastic" currency without getting down to coin redemption. The London *Economist* of Dec. 22d says: "It is quite evident, therefore, that the Government paper currency is discredited, and yet it is upon this currency that the new system of bank issues is sought to be based. The bank notes are to be made payable in 'lawful money of the United States,' there being no obligation to redeem them in gold. In other words, they are to be redeemable in greenbacks or Treasury notes, and it is of such government paper that the so-called 'guarantee fund' is to be composed. It is thus upon the stock of gold in the Treasury that the ultimate convertibility of the whole of the largely augmented mass of the paper currency is to depend, and nothing is to be done to insure either that a large portion of the revenues will be paid in gold, or that the Treasury will be relieved from the task of supplying whatever gold is needed for export. And if the present task of the Treasury is beyond its power, we cannot see how the position is to be bettered by increasing its responsibilities without making it any fitter to discharge them."

The SOCIAL ECONOMIST's plan of arriving at an elastic currency is the only one that proposes to test the proposed bank-note currency by coin redemption, to unify the manifold banking experiments of the country into one system and to transfer the obligation to furnish gold from the government to the banks.

BROOKLYN IS giving us an object lesson in the Homestead-Chicago method of dealing with the labor question. The process seems to be first to oppress or cheat the workmen; then to insult their representatives or repudiate their unions and refuse to consider all overtures for arbitration, leaving the laborers no alternative but to strike. Then, at an enormous cost to the community, to call out an extra police force to give encouragement and protection to a few incompetent ne'er-do-we'els temporarily to take the place

of strikers to bluff the public into the belief that there are multitudes of competent men ready and willing to accept the conditions against which the strikers are protesting; and when, by this series of unfair tactics, the laborers or their sympathizers are goaded into a breach of the peace, the strike is terminated in favor of the corporations by bayonet and bullets.

This method may temporarily serve the purpose of a few arrogant and un-American capitalists but it can do nothing to promote the rational settlement of the question involved. The military method of dealing with industrial questions has already failed in Europe where militarism is many times stronger than it ever can hope to be here. It is useless to blind ourselves to the fact that every such conflict simply fertilizes the soil for the growth of Socialism.

When the conflict reaches the riotous stage, the press may feel justified in calling for the military. But the fact remains that if the press had been half as zealous in defending the interest and rights of the laborers and denouncing the underhand methods of the corporations in the early stage of the controversy, as it now is in clamoring for the military, these corporations would not have had the hardihood to persist in their sneak-thief methods of treating the men and much of the present disgraceful experience in Brooklyn would have been avoided.

THE DIVERSITY of currency bills before Congress is the product of the diversity of views held by its members as to why their particular "deestricks" are now suffering from the "hard times." One-half the votes for the free coinage of silver are Southern. They are cast because the members of Congress from the South do not know that the reason Northern wealth grows faster than Southern is because the Northern industries use ten times as much machine power, *i.e.*, make a ten times larger use of the costless powers of nature. They think it is because North-

ern industries reap a larger harvest of protected profits and monopoly dividends. Hence their cry is for free greenbacks, free silver and free trade. The suicidal nature of these votes will be better understood by those who carefully study the opening article in this number of the *SOCIAL ECONOMIST* entitled "Why Northern Wealth Grows Faster than Southern."

Certain of the Western members are also still bitten with the notion that the way to make their poor and starving farmers, all of whom are in the arid belt, rich, is not to irrigate their arid lands, but to pay off their debts with fifty-cent dollars and to distribute greenbacks from the cart's tail at every county seat.

Both the West and the South, however, grew vastly in the last election. To see three such cranky governors as Llewelling, of Kansas, Waite, of Colorado, and Pennoyer, of Oregon, turned down at a single election, while Nebraska retires Bryan and sends a sturdy protectionist to the Senate in the person of John M. Thurston, and Missouri surrenders Bland, proves that the West is determined to raise some better crop than that of financial vagaries. In addition it is becoming apparent that Gov. Evans can only by a fraudulent revolution be counted out in Tennessee, that certain Congress districts in Louisiana gave protectionist majorities and that Florida is fast bursting the shackles of "cracker" rule. All this points to an early day when Congress can do something better than throw catch-penny life-saving planks into the sea to catch the drowning. It may, at the extra spring session which will be called, be able then to set up a series of Beacon Lights along our coast which will stop the wreckage of the past two years and point out to mariners in distress the route to a snug harbor.

THE *PHILADELPHIA Press*, which is doing some of the best journalism now done in the country, is the first newspaper to make known the fact that a structure to

cost \$100,000,000 is about to be erected in New York City. The exact location is not indicated, but as it is said that it will be near the present centre of population, and as the news comes first from Philadelphia, attention will naturally be fixed upon the two blocks which have recently been mysteriously purchased through brokers, with at least one of which the name of John Wanamaker was associated. One of these was the block filling the space between Fifth and Sixth avenues and Eighteenth and Nineteenth streets. The other is a Murray Hill block. The new structure is to be thirty stories high, the extreme height of the dome in its centre being 500 feet, or upwards of twenty feet higher than the Pyramid of Gizeh, and 170 feet higher than the dome of St. Paul's, London. The architect of the highest building in New York estimates that five years would be required to perfect the drawings and specifications for the edifice, which will be designed to become the chief event commemorative of the close of the century. The building will contain a city within itself with stores among the lower floors equal in dimensions to any now in use, without interfering with offices and residences, churches, libraries, schools and hotels, baths, theatres, and the like, all within the same massive structure. The costliest and largest resident structure now in the city, the Nevada apartment buildings, has an investment value of about \$20,000,000. The costliest structure in the world is now said to be the Capitol at Albany which has cost \$22,000,000. Beyond these the new *fin de siecle* structure in New York will tower in dimensions and cost, since the investment of capital will be five-fold as great. One point we suggest to the attention of its projectors as the contribution of the SOCIAL ECONOMIST:

The crowning vice of all New York City architecture, so far is that the buildings have no standing space around them adequate to render their architecture impressive or even visible. The projectors of the *fin de siecle* structure should not proceed another step toward such an edifice

without buying up the eight additional blocks required to place the space of one entire block between it and the nearest block either fronting it on either side or cornering on it. It should then raze all these structures to the ground, convert these adjoining blocks into well wooded parks and thus surround the structure with an appropriate site for architectural display. The eight blocks together, at the cost paid for the Eighteenth and Nineteenth Street block would make a total cost of \$27,000,000 for the site. This would only be about the average proportion between cost of site and cost of structure which usually applies. A structure to cost \$100,000,000 would be cribbed, cabined and confined by the hovels around it unless it provided itself with a site worth about \$25,000,000. The Capitol at Albany, St. Peters at Rome and St. Paul's in London, all serve to discredit the buildings in their vicinity. The New York Colossus would diminish the surrounding blocks into hovels and almost discredit the city unless it first converted the eight blocks surrounding it into park.

PROF. PATTON, in his recent lecture on economics in elementary schools, holds that economics can be adapted to very young children, by instructing them that "the first portion of an article we consume gives us more pleasure than the second; the second more than the third and the third more than the fourth. Applying this to a meal, the child must learn that the soup confers ten units of pleasure per spoonful, the fish eight, the roast and gravy six, the entrees four, the pastry and puddings two, the Roman punch and coffee none, that the nuts are a source of pain, the wine doubles the pain, and the cigars and the adjournment to the library throw the diner into spasms, a proper subject for the ambulance. So deftly does the final utility theory lend itself to the business of enabling a parent to bring up his children on soup only.

So, in looking on at a play, the first act yields, accord-

ing to Patton, ten volts of ecstasy per second, the second only eight volts of pleasure, the third act thrills us with only six volts, until the fifth act disgusts, and the reason the tickets sell for three dollars is that the first act gives one dollar in pleasure, the second eighty cents, the third sixty cents, the fourth forty cents and fifth twenty cents. So of all pleasures. On this basis Prof. Patton constructs a sliding scale of pleasures upon which the child who has two apples to-day can get ten volts of fun to-day and ten to-morrow out of his two apples by giving one of his apples to a boy who will repay it out of the two apples the other boy will have to-morrow, whereas if each boy ate up his own apples, each would get only five volts of fun.

As a lesson in economic altruism alias benevolent meanness, this beats John Gilpin's wife, who—

Though on pleasure she was bent
Preserved a prudent mind.

But how many volts of bliss would be gained or lost by a boy who should give one of his apples to one who could make no return to-morrow, is not revealed.

But sad indeed must be the havoc which such economics would make with the Christian theory of heaven. When the choir strikes up the good old hymn—

When we've been there ten thousand years
Bright shining as the sun,
We've no less days to sing His praise,
Than when we first begun—

Prof. Patton's smart boy would be computing the rate at which the volts of bliss would decline and the price one could afford to pay "to be there," when these musical raptures had passed the period of final utility.

According to this doctrine, how much greater should be the ecstasy of the boy who is learning his alphabet than of Humboldt in writing his *Cosmos*; how much keener the delight of the boor who for the first time tries to get

something out of the opera, than of Beethoven or Liszt who are probing the deeper mysteries of music with the vigor of pioneers forever entering upon new worlds!

We must be permitted to doubt whether pleasures, so far as they are actually consumed, undergo any such decline. There is a doctrine of satiety whereby things, when the period of satiety is reached, cease to be consumed at all, and the element of change comes in to enable us to enjoy something else. But Patton's doctrine is not a doctrine of the decline of values of commodities through satiety in the producer, whereby all, in excess of those he can himself consume, seek exchange for things he can enjoy. But it is a doctrine of a decline in the volts of satisfaction obtained from the same commodity between the initial act of pleasure and the period of satiety, and that values of each commodity are graded by the several degrees of satisfaction we experience in the succession of uses we derive from it. Pains and pleasures are not measurable or thinkable in terms of value. It is as impossible to think of a dollar in pleasure as to comprehend a foot-pound of fragrance or an ounce of music. Value is the measure of the resistance to be overcome, the cost of obtaining things. Utility refers to the use we make of them when obtained. They are born at different dates. So far from pleasure being a measure of value the two are incommensurable. They admit of no common standard. Still less can one measure the other.

Economics in the Magazines.

BIMETALLISM.—*How to Save Bimetallism.* By Duc de Noailles in *Annals of American Academy* for January, 1895. The duke argues for the free coinage of silver at its bullion market value according to its weight, without interchangeability by any government or legal compulsion between it and gold. He would coin a silver dollar apparently of $371\frac{1}{4}$ grains, but let it drop in exchangeable value to its market value as bullion. Like most theorizers of reconciliation, the duke overlooks the durability of constitutional and statutory provisions in influencing value both here and in France. When $371\frac{1}{4}$ grains of silver are assayed, alloyed, minted, stamped and issued, certain statutes not wholly or instantly repealable in their potency, nor dependent on market price, make them legal tender and part of the standard, irrespective of their value. Also in our Federal Constitution irrepealable provisions made it part of the reserved right of each state to keep them legal tender in that state whatever Congress may do about them. Similar legislation does the same in France. Hence the coins decline to drop.

CURRENCY.—*The Baltimore Plan of Currency Reform.* By A. P. Hepburn in *The Forum* for December. Mr. Hepburn explains that the present national bank system allows a sum equal to 90 per cent. of the par of U. S. bonds deposited to be issued in what are called National Bank-notes, and that in lieu of this the Baltimore plan substitutes a privilege of withdrawing the bonds now deposited and the notes issued thereon and issuing in lieu thereof the bank's own notes. In the matter of redemption we assume that the government will no longer be absolutely responsible, [but only responsible as administrator of a special fund so long as that fund holds out. ED. ECONOMIST.] The banks may issue notes to the amount of 50 per cent. of their paid-up unimpaired capital and in an emergency 75 per cent. [But of what the paid-up capi-

tal of banks is to consist, or who is to investigate its sufficiency, and when it is to be considered as "impaired" and what is to be the effect on the notes already out of an impairment of capital, is not made known. ED. ECONOMIST.] A guaranty or safety fund equal to five per cent. of the outstanding circulation is to be accumulated and maintained by gradual taxation on such circulation. From this fund the government is to redeem notes of failed banks."

This proposition rests on the hypothesis that because five per cent. has been found a sufficient safety fund where coin redemption was practiced and also when bond security was practiced, therefore it will be a sufficient safety fund where both coin redemption and bond security are dispensed with. Such a miscalculation is too apparent for argument. Mr. Hepburn says: "The Baltimore plan has nothing to do with the money of ultimate redemption, whether gold or silver or greenbacks. It simply provides a bank-note currency redeemable in lawful money." This constitutes the pivotal point of its inadequacy. An elastic currency cannot exist until coin redemption exists. Coin redemption cannot exist so long as the greenbacks are in circulation.

CURRENCY REFORM.—*Our Experiments in Financial Legislation.* By Hon. James H. Eckels, Comptroller of the Currency in *North American Review* for December. Comptroller Eckels, as a prophet, is like Swedenborg in his visits as a seer to the other planets of the solar system. Swedenborg could visit with ease every planet which the astronomers with their telescopes had discovered at that time, but he wholly failed to authenticate his seership to posterity by visiting a few of those which the astronomers have since discovered. Comptroller Eckels condemns, with fluency and with appropriate indignation, "every financial device which has been voted to be off color." But when he proceeds to recommend what is now to be done, he walks

deftly into the same trap in which the previous foxes were caught. Thus he says:

“When the (national banking) law is so amended as to either do away with the bond deposit, or to grant to the banks the right to issue to the value of the securities so deposited by them, the matter of circulation will then be as important to them as is now the matter of deposits and discounts.”

Not so. Circulation will never be important to the banks until they circulate their own costless note instead of the government's note, because on the government's note coin redemption cannot occur, and so long as no coin redemption exists the notes issued never return to the bank issuing them, and so long as this is true the currency, like the blood in fishes, cannot be said to circulate at all. Moreover the notes, as a means of lending, will never be important to the same banks as those to which the deposits and discounts are important.

We fully concur, however, in Mr. Eckels's concluding sentiment: “Until the whole currency and banking system of the country is formulated into one harmonious plan in which each part shall be absolutely sound in principle, and the embodiment of monetary science, there can be no hope of undisturbed and substantial prosperity to all classes of the American people.”

MONEY.—*Money and Bank Credits in the United States.* By H. W. Williams (of Baltimore), in *Annals of American Academy* for January. Mr. Williams presents the views of a banker whose experience, and perspective, stand largely informed by actual contact with the currency system in vogue in the United States since 1862, and some contact with the wild-cat system of the twenty-four preceding years. He does not bring to his aid the light he would have derived from a just presentation of the banking history of the United States, under the first bank of the United States and the state banks, from 1791 to 1811, nor under the second bank of the United States acting jointly with the

state banks, from 1816 to 1836, as presented in the *SOCIAL ECONOMIST* for August, September and October, 1893. Hence his views upon the necessity of coming to coin redemption as a daily test of solvency, the instant we pass from the bond security policy of our legal tender period, are not so sharply defined as they would be if he had done more business under a coin redemption system. He aptly punctures the Baltimore Plan, however, in one respect. He says of the "unrestricted power to issue notes:" "The suggestion that the plan has been successfully tried in Canada is misleading. Financially Canada and the United States are as far apart as the poles, but the controlling fact is that there are in Canada but thirty-nine banks of issue, with an average capital exceeding \$1,500,000, while in this country there are 3,781 such banks, with an average capital of less than \$180,000." A more important difference is that Canada banks work under the hourly test of coin redemption while the Baltimore Plan neglects to subject American banks to this test. In Great Britain and Ireland there are as many banks as in the United States, and though there is a nominal restriction of the note-issuing privilege, on the part of the banks which are upwards of sixty-five miles from London, to those which possessed that privilege prior to the act of 1844, and though the volume of issue is nominally restricted to the average issues then made, yet all who are familiar with English banking history know that all the leading banks of England testified before the Parliamentary committee of 1841 that such a restriction would be nugatory, as it was impossible under a system of effective coin redemption for banks to inflate the currency with notes. It would break each inflating bank on the day after the inflation began. Inflation occurred in the United States between 1811 and 1816 and again between 1836 and 1860, because through the ignorance of our government no effective system of daily coin redemption was suffered to exist during those periods. An American banker who doubts whether effect-

ive coin redemption will prevent note inflation should read the testimony of the bankers—Henry Wm. Hobhouse, Vincent Stuckey, Wm. Rodwell, James W. Gilbert, Paul Moore Jones, Ichobod C. Wright, Alexander Blair, Primrose W. Kennedy, James A. Anderson, Thos. Wilson and Robert Murray—before the Parliamentary Committee of 1841. If he doubts, then, whether coin redemption can be effectively enforced on any number of state banks by one central institution or association, he should read the history of the Bank of the United States, heretofore published in the SOCIAL ECONOMIST.

PARTY GOVERNMENT.—*Break up of the English Party System.* By Edward Porritt in *Annals of the American Academy* for January. The writer shows that government by groups is succeeding to government by parties in Great Britain. Lord Rosebery's (government) party comprises six groups, viz.: Parnellites, Anti-parnellites, Official Liberals, Radicals, (including Welsh radicals), Labor and Socialists. The opposition forces he divides into only two groups: the Conservatives, (including the old-time Tories and the Progressive Tories,) and the Liberal Unionists. It is a little singular that at this time American parties group in the same way, with from four to six composite factions in each party.

SUFFRAGE.—*Negro Suffrage in the South.* By Stephen B. Weeks in *Political Science Quarterly*. Mr. Weeks dilates upon the cost of negro rule in the South during the reconstruction period, without balancing it against the extremely palpable fact that the cost of white rule in the South during the pro-slavery and war period had been infinitely greater, entailing upon the country a loss of one million lives and nine thousand millions of dollars. Mr. Weeks shows in a most instructive manner that the aim with which registration, ballot-reform, the Australian system of voting and educational qualifications for voting, have been introduced in the Southern states has been to

bring about social peace and official purity, by enabling the confederate vote to disfranchise the colored vote without intimidation, false returns or perjury. The result is an illustration of the persistence of race rule through the forms of impartial suffrage.

The Constitution of the United States in the Fifteenth Amendment debars any state from the right to deny the right to vote to any citizen on account of race, color or previous condition. The State of Mississippi enacts a law under which an election officer is made the judge whether the reading and interpretation of a particular clause in the state constitution by a voter (white or colored) is correct. If it is not correct he cannot vote. That is what is left of the Fifteenth Amendment.

STOCK-SHARING.—*Stock-sharing as a Preventive of Labor Troubles.* By Louis R. Ehrich, in *The Forum* for December. Mr. Ehrich says, "To me there seems but one solution: Make the employee loyal to the corporation; make him a stock-holder and give him a representation on the Board of Directors." The average sum at the disposal of the wage-worker for the purchase of stock is somewhere between the average deposit in a savings bank, viz., \$360, and the average wealth of that 91 per cent. of the population who, according to the census, are the wage-receivers of the country,* and who include the members of the 11,593,000 families, none of whom owns more than \$5,000. The average wealth of this basic class is only \$1,497.01 each. Practically no person who owns only \$1,497.01 can afford to subject any part of it to the risks of his employer's business in order to get either the profit or the share of control it would give him. He must invest it in some small way which will make it his exclusive capital such as in the purchase of tools and team, or of a shop or store, or he must put it into a savings bank as a buffer against the day

* See Art. "The Census Distribution of Wealth" in *SOCIAL ECONOMIST* for March, 1894; p. 142.

of misfortune. If he buys a home it ties him down so that he cannot go where his labor may be worth most.

TARIFF.—*The Tariff Act of 1894.* By Prof. F. W. Taussig in *Political Science Quarterly* for December. Prof. Taussig helps to give a semi-scientific gloss to the temporary ascendancy of unscientific tariff legislation which found partial expression in the act of '94. He may be defined as a free trader by innuendo rather than by bravado. Thus he asserts that the German economists excepted raw material from their protective arguments, but omits to mention that German legislators in their actual tariff legislation protected raw materials by duties far more effective than those they laid on finished products. He says "no country of advanced civilization has maintained any duty on this material" (wool), thereby implying that England has only been a country of advanced civilization since 1846, that the United States only became one with the act of 1894, and that France was not a country of advanced civilization in 1856, when according to List* she "restrained by duties the importation of raw materials and agricultural products such as iron, coal, wool, corn and cattle." Mr. Taussig also thinks "free wool has come to stay." This would indicate that his article was written prior to the November election. Mr. Taussig also thinks "a redundant revenue is likely to appear in the course of a year or two," through the act of 1894. The present deficit of \$100,000,000 a year looks the other way.

TAXATION.—*The Income Tax.* By Prof. E. R. A. Seligman in *Political Science Quarterly* for December, 1894. Prof. Seligman treats the income tax as having been introduced to impart to our general taxation system a more equitable quality, and thinks its stay will be permanent, notwithstanding it drew its inspiration from the populist wing in politics. Mr. Seligman finds an argument that

*Nat. System Pol. Econ. by Fred'k. List, p. 388.

the war tax on incomes was more successful than the simultaneous state tax on property, in the fact that the incomes returned exceeded seven per cent. on the assessed values of all the property in the state, rising to 9, 11 and 13 per cent. which he thinks "extravagant." This is partly due to the fact that assessed values of property average only from a third to a fifth of actual values, and partly to the fact that the average earnings of national industry, labor and capital, combined, rise to a ratio on assessed values of property very much higher than the ordinary rate of interest expected on capital only. As shown by the census the ratio of annual earnings of both labor and capital, to annual capital, has figured at from 20 to 24 per cent.

TRAIN ROBBERIES.—*Brigandage on our Railroads.* By Hon. Wade Hampton in *North American Review* for December, recommends that express cars containing money be armor-plated on the inside, with iron doors and port-holes guarded by two inside men armed with seven shooters who could easily kill the train robbers. Also that fox-hounds be placed at convenient points on every route who could on short notice be put on the trail of the fugitive train robbers with the certainty of running them down. In this connection Senator Hampton "doubts that there are half a dozen blood-hounds in the United States or that any has ever been used in the pursuit of fugitives, except in the fable of Uncle Tom's Cabin." This doubt is expressed forty years too late, and by far too feebly. Mr. Hampton doubtless knows that hounds are fox-hounds, hare-hounds, deer-hounds, or blood-hounds according to their training, in the sense that two centuries ago no fox-hounds had ever existed anywhere. [Encyclop. Brit. Art. Hounds.] Until then no custom had existed of hunting foxes with dogs. If Gen. Hampton's position be true, therefore, that there had never been blood-hounds in the South during the slave period, his recommendation, if adopted, would introduce them there with great rapidity.

Gen. Hampton acknowledges having used both the English and the Cuban blood-hound in hunting, though he has never known of the use of a Cuban blood-hound in pursuing a fugitive, and he vouchsafes the interesting information that "though it is said that in the olden time he was used in England to track human beings, he is now not called on for that purpose."

It is instructive to know that in our Southern states where the pursuit of human beings by dogs was carried on for two centuries to an extent nowhere else known in the world's history, it never developed the fox-hound into a blood-hound, though the use to which the hound is put is the sole cause of his differentiation into any particular type. [Encyc. Brit. Art. Hounds.] But in England where the pursuit of human beings by hounds at any time is purely mythical, the blood-hound is so fully developed that Landseer paints one in his picture of "Dignity and Impudence." The writer of this paragraph, however, is disposed to agree with Senator Hampton that "Cuban blood-hounds," though fierce and intractable, are "nearly worthless for hunting," as he was present, with two of them, forty years ago, in a law office, along with Marshall Isaiah Rynders and his deputies, and a Southern slaveholder, then in pursuit of a negro. The dogs made no great disturbance though the slave they were pursuing was within eight feet of them in the cellar underneath.

WAGES.—*The Wage Earner's Loss During the Depression.* By Samuel W. Dike in *The Forum* for November, argues that the wage earners of Massachusetts only lost about \$11,000,000 in wages per annum in 1893, as compared with their wages in 1892, and that no President since Lincoln had so difficult a task as Cleveland at the outset of his second term. From this it would seem that next to the costliness of having the Democratic party in open rebellion, is the nearly equal expensiveness of having it in possession of the Government.

Among the Books.

The Wealth of Labor. By FRANK LOOMIS PALMER. New York: The Baker-Taylor Co.

This seems to be the work of one educated into the free-trade fallacy by books, and who, having been educated out of it by observation and experience, imagines that what the world specially needs is a new statement of the protectionist doctrine, which he proceeds to make. His statement, however, is far more abstruse and less intelligible than those which leading protectionists have made. His argument pivots on the proposition that "the exchangeable value of the products of labor is proportionate to the cost of labor to obtain them, and that amounts of labor exchange with them proportionate to the share that labor obtains." This proposition, as well as the entire contents of the book, show that the author has never struck the principle that "value is determined by the cost of the dearest portion of any commodity continuously supplied to a given market," and consequently that none of his definitions or propositions reach bottom. A tree in Windsor Park may never itself have been the subject of any other "labor to obtain" than the cost of felling it, say \$3. But if the cost of the dearest-produced trees of like size and kind, continuously supplied in that market, is \$300, then the value of that tree will be \$300, even if the woodman gets no share at all of its value.

Men of Achievement Series. By WM. O. STODDARD. Charles Scribner's Sons.

These interesting sketches of sixteen leading business men are got up in a discursive, off-hand way, and are less compact, complete and accurate than would be in the highest degree satisfactory to exacting readers. Once in the sketch of Astor, once in that of Pullman and twice in that of Marshall Field the author speaks of the site of Chicago as being at the foot, instead of near the head, of Lake Michigan.

The sketch of Astor makes no mention of the Astor House, or of Astor's places of residence, or of his presidency of the New York branch of the Bank of the United States, and is less specific than is desirable as to the means by which he grew rich. The men whose lives are here sketched are Astor, Vanderbilt, Tiffany, Roach, L. P. Morton, E. D. Morgan, C. W. Field, Depew, A. T. Stewart, Phil. D. Armour, M. O. Roberts, Pullman, Peter Cooper, Marshall Field, Claflin and Leland Stanford. The sketches of Cyrus W. Field, of Tiffany,

L. P. Morton, Chauncey M. Depew, A. T. Stewart and H. B. Claflin, are among the more compact and satisfactory. The entire work is well adapted to the demand of our economic age, whose chief desire is to find out how successful men of business have acquired their wealth.

The Currency and the Banking Law of Canada. Considered with Reference to Currency Reform in the United States. By WILLIAM C. CORNWELL. G. P. Putnam's Sons.

Mr. Cornwell's sketch of the history of the Canadian banking system, followed by the Canadian Bank Act, forms the briefest, most valuable and most instructive lesson in finance now available to business men and bankers who desire to know what good banking is and how it works.

"Frae many a blunder wad it free us
And foolish notion."

Canada has a perfectly elastic system under which rates of interest in Montreal and Manitoba are essentially the same, and low in both places; the banks never issue much more than half the notes they are free to issue; all the bank notes are the costless notes of the banks themselves; all are daily redeemed in coin; all the smaller banks are branches of the larger banks and every dollar in bank notes out has over nine dollars in security back of it to make it good. That is what we need in the United States.

Social Growth and Stability. A Consideration of the Factors of Modern Society and Their Relation to the Character of the Coming State. By D. OSTRANDER. Chicago: S. C. Griggs & Co.

Mr. Ostrander succeeds in blending in his book many economic reflections and conclusions of value, with many poetic and religious, ethical and æsthetic views equally sound, judicious, poised and practical. He demurs to Spencer's proposition that survival is to the fittest, and affirms that the fittest would not be the fittest if they did not secure also the equal survival of the unfit in the industrial sense. He advocates the eight-hour day, protection, restricted immigration, the obligation of the state to be paternal, has many good things to say about character, individuality, intuition and the coming spiritual and intellectual man. Without being startlingly innovating, the book comes very near being a compendium of the best social opinion.

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"It is the most thorough and comprehensive treatment of the labor question ever presented."—*Paterson Labor Standard*.

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SOCIAL ECONOMIST

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GEORGE GUNTON, EDITOR.

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SOCIAL ECONOMIST

MARCH, 1895

Society and Strikes.

The Brooklyn strike, following in such close succession after the Homestead, Buffalo, Ann Arbor and the Chicago strikes, clearly shows that the strike question is assuming very serious social aspects. Through the growth of forceful resistance to "scabs" and the development of sympathetic strikes, the struggle ceases to be a contest between laborers and capitalists, and is rapidly becoming a conflict between laborers and society. The Chicago strike, through its sympathetic extension, stopped enough railroads seriously to disturb the business and travel of the entire country. Through resistance to "scabs" the Brooklyn strike endangered life and property, and put the city practically under military rule. In both instances the public, who had no immediate interest in the wage dispute, was the chief sufferer.

This increasing tendency to extend the strike into a social disturbance, inflicting the chief injury upon the community and upon far-off industries which have no immediate concern in the controversy, makes the strike question a distinctly societal affair. This is now tacitly conceded in the prompt demand for and free use of the military as a necessary means of conducting strikes. Of course, the immediate reason urged for the use of the military is the maintenance of order and the protection of life and property—a reason all-sufficient, since to permit mob rule is to invite anarchy and encourage the disruption of civilized society. When, from whatever cause, strikes reach the peace-disturbing condition, military interference be-

comes inevitable as the last defense of society itself. If society has duties towards laborers and capitalists, they also have duties to society. While society is bound to protect the lives of laborers and the property of capitalists, it has the right to have something to say about the condition under which these responsibilities occur.

It is time this fact was squarely recognised and the rights of society, as well as its responsibilities, were frankly discussed and enforced. This idea has already found considerable lodgment in the public mind, as is shown by the oft-repeated remark that "society has rights that strikers are bound to respect," and it should be remembered that the converse of this is equally true, *viz.*: that strikers have rights that society is bound to respect. There are no conflicts in which all the rights are on one side, and very few in which all the blame is with one party. Since both the laborers and capitalists are a part of society, in dealing with them society is really dealing with itself. Hence it cannot afford to favor the one side against the other, except as in so doing it promotes the welfare of the whole community, including both disputants.

There is but one of two lines of policy society can pursue on this question. One is to suppress industrial organization by law and force; the other is to protect and develop organization. The suppression of industrial organization is impossible, as that could not be accomplished without the destruction of society itself. Industrial organization is an indispensable element in the development of modern society. To prohibit the organization of capital would be to disintegrate industry and put productive enterprise back to hand labor methods and barbarism. To prohibit labor organization while permitting capitalistic organization would be to destroy personal liberty among the masses and reduce laborers practically to serfdom. But the suggestion of such a thing is so flagrantly unjust that to attempt it would involve a social revolution and secure the defeat of the political party that should under-

take it. In fact, organization among both laborers and capitalists is so indispensable to modern industry that its suppression is impossible. It is, therefore, in the direction of more perfect organization that the remedy for the evils arising from strikes must be sought.

In dealing with the subject, then, certain facts must be definitely recognized.

(1) It must be conceded that the interests, and therefore the rights, of the public are greater than those of either laborers or capitalists and consequently their conduct must be subordinate to the interests and decisions of society.

(2) That relatively to each other and to society, laborers have the same rights and no more than capitalists.

(3) That since industrial organization cannot be suppressed without inflicting irreparable injury upon society, the right to organize should be fully and equally conceded to both laborers and employers, and both should be equally recognized by society and by laborers and capitalists in relation to each other.

(4) That both laborers and capitalists should have the same right to be recognized by law and custom to act in all matters of industrial contract through accredited representatives, and that neither should have the right to refuse to recognize the representatives of the other in any industrial negotiation.

(5) That if any strike or public disturbance results from the refusal of either party to recognize the rights of the other so to act collectively through representatives, the party so refusing shall be held responsible for all costs and damages to the full extent of their property.

(6) To increase the efficiency of organization and further promote the rational solution of disputed questions that the principles of organization be extended in every industry or locality, a mutual union be organized composed of an equal number of representatives of both employers and laborers in the industry or district represented. That

laborers on the one hand and capitalists on the other shall both agree that no change in wages or other conditions shall be demanded in any shop until the same has been reported to and fully discussed by this mutual organization, and in this discussion both sides shall be entitled to have all the facts laid before the mutual union.

While the decision of this body would not always prevent a rupture, it would probably do so in nine cases out of ten.

In most cases strikes arise from bad feeling created by the offensive attitude of one party or the other to the dispute.

This mutual union would have the effect of eliminating this factor by the friendly discussion on equal terms by both parties before the complaint became chronic on either side. For instance, if there was a grievance in one factory in a district or on one road in a city, the other factories or roads would be interested in having the grievance corrected, especially if it did not exist in their concern. And so the hot-headed laborers would be subjected to the restraint of the self-interest and better judgment of their comrades, and also the narrow-minded or hot-headed employers would be under the restraint of the better judgment and broader views of the more rational of their class. Another reason why this would be likely to be very efficacious in preventing strikes is that the whole relation between laborers and capitalists would be in strict accordance with full equality of rights and a thorough recognition of the representative positions and responsibilities of the laborers, which is now either openly or tacitly denied by employers, and which is at bottom the cause of nearly all the difficulty which results in strikes. Moreover, this industrial senate would compel both laborers and capitalists to be more intelligently informed about the questions in which they were both concerned, as their success or failure would chiefly depend upon the rational presentation of their side instead of bluffing misrepresentation and brute

force, as at present. This in itself would be a liberal education in economics as well as in social rights. It would tend to develop among the laborers a genuine respect for the employers whom they now hate as inherent enemies; it would tend to develop among employers a more democratic spirit and liberal recognition of equality of manhood in laborers instead of the personal contempt and assumed inferiority which is at present too prevalent in the conduct of too many American employers. This mistaken and souring attitude of laborers towards employers and employers towards laborers is the real evil element in the situation.

To eliminate that would be one great step towards the possibility of industrial peace, to which nothing could contribute more than the mutual union or industrial senate here suggested. Nobody has anything to lose by this step, and society has everything to gain. There is no doubt whatever but what laborers would unanimously consent to co-operation on these conditions. If capitalists continue to deny to laborers the same right to organize as they themselves enjoy, and refuse to co-operate on terms of equality, then they, and they alone, should be held responsible for all the consequences.

The Free Coinage of Bonds.

How many millions of gold has Mr. Cleveland the right and power to borrow from the banks, in order to maintain the government's exclusive ability to pay gold when no banks or business men are paying it? Is it good business sense to allow the banks to exact gold from the government when the government cannot exact gold from the banks or from anybody? The President confesses that the same gold which the government has bought, can immediately be drawn out again by those who have sold it to the government. The process is one that, if mechanical facilities were furnished adequate to its financial potency, and if

the greenbacks can be kept from over-accumulation in the Treasury, could as well be carried on at the rate of \$62,000,-000 per day, or even per hour, as \$62,000,000 per year. This makes it a sieve. But it is of more importance that at all times heretofore the notion that one kind of currency could be exacted from the government while another could be got from the banks and the people, has been regarded as radically unsound and unfair.

The government no sooner pays \$62,000,000 and bonds for \$62,000,000 in gold, than the syndicate who have sold the gold to the government for the bonds are ready to sell the bonds to the bankers for \$62,000,000 of greenbacks.

The following, from the financial column of the New York *Herald* (Feb. 17th), indicates that the syndicate is shortening the process by paying for half of the gold in greenbacks itself, thus avoiding to that extent the greenbacks getting into the Treasury. Says the *Herald*:

The bank statement does not reflect the withdrawals of gold for payment into the Sub-Treasury on account of subscriptions to bonds. It is understood that the syndicate insists that every subscriber for \$500,000 of the bonds shall pay in \$1,000,000 in gold and accept \$500,000 of greenbacks for the excess. In this way the syndicate expects to get enough gold perhaps to pay for all the bonds it will individually receive.

By keeping the greenbacks going out as fast as the bonds, the syndicate will always keep abroad among the bankers the means of drawing out all the gold it puts in, especially as it has several hundred millions more greenbacks out to start with than there is gold to be drawn upon when the "reserve" is at its best.

The gold thus stands as a "call loan" to the Treasury, withdrawable at any moment by those who deposit it, though to obtain this "call loan" the government encumbers itself with a permanent debt in the form of a *free coinage of gold-bearing bonds* in favor of the bankers, which repeats its issues as often as the bankers can gather up greenbacks enough to force new issues of bonds. To make the facilities of the bankers for pumping bonds out of the Treasury as

great as possible, either the government or the syndicate, (the *Herald* does not clearly indicate which) takes pains to see that for every million in "call gold" obtained by the Treasury, there shall get abroad among the bankers half a million in bonds, and half a million in means of calling the gold back. Thus, half the gold obtained goes into the Treasury especially tethered to its contributors, so that they can jerk it back, and the other half is subjected to be drawn out by any part of the \$346,000,000 of greenbacks which may not be in the Treasury.

In resisting the free coinage of silver for the fiatists of the South and West, Mr. Cleveland tenders us, as his alternative, a free coinage of bonds for bankers to any extent which a quicksand in the revenues induced by a bad tariff bill and a perpetual sinkhole in the Treasury, induced by the legal tenders, may require.

So long as the bankers hold \$62,000,000 of greenbacks, they can continue to draw that sum in gold and with it demand \$62,000,000 more bonds. The government has increased its interest burden \$2,170,000 in an hour for what purpose? Only to increase it by a like sum the next hour. Who gains? Only the bankers. At what rate do they gain? At a rate determinable only by the limits of their own willingness to accept something in exchange for nothing. How long can the process be kept up? As long as Cleveland remains of the opinion that this is a good thing to do!

Can it be done so rapidly that the government can increase its debt by it at the rate of \$62,000,000 per month? It can be done as fast as the Treasury can be cleared of its greenbacks, and this process is only limited by the extent to which revenues can be kept inadequate to meet expenditures. This part of the trouble is being bravely supplied by the Wilson-Gorman tariff acting upon a country so stricken by every financial cause of distress that it can no longer buy much imported goods, however low may be their price.

Will the new Congress be competent to originate a banking and currency law adequate to the wants of the country? The mere increase of the revenue will not place the country on a firm basis without a retirement of the greenbacks. Such a retirement of greenbacks requires a banking and currency law more intelligent than most of the members of Congress are showing any capacity to comprehend. Such a law must emanate from an extremely small mental circle. Nothing very wise in finance can be done by millions of nomadic equals without an organization, an expert, or a commander.

Two men, Hamilton and Morris, gave the country the first bank of the United States. Two others, Albert Gallatin and Alexander M. Dallas, gave the country the second bank of the United States. Two men, Jackson and Tyler, under pretence of favoring hard money and opposing banks, gave the country, as a substitute for sound banking, the wild-cat bank nuisance. Two men, Chase and Spaulding, gave the country the greenback and the national banking system. One man, Grover Cleveland, under pretence of maintaining the gold standard, is rapidly reducing the country to a dilemma where the silver basis will be inevitable. The problem is now becoming a short and sharp one: whether Congress can do anything whatever to avert that result. Ordinarily there are too many wills to be consulted in Congress; too large a proportion of the members of Congress are lacking in knowledge and judgment concerning finance, and are too insanely jealous of each other and too morbidly intent on making party capital for some old party founded on obsolete issues to make any legislation possible, except through the faith of the mass of the members in a few leaders. Such a body is also hampered by the necessity of reducing issues which a great number of persons are to vote upon to terms of great singleness and simplicity.

Within the administration party the faith, once reposed in Cleveland and Carlisle, has been drawn upon by

bad measures until now there is a heavy balance against both. The Republican party is divided into a western wing, laboring for free silver and mountain policies, and an eastern wing, which is without constructive courage, or forward movement, whose policy is timidity and holding back, one-half holding that the free coinage of bonds is a brave and noble thing to do, and the other half clinging to those beggarly elements of bankruptcy—the banks as they are, the greenbacks as they are, and the Republican party as it was.

The administration has used during the past year, on Mr. Carlisle's showing, \$105,002,143 of the gold which it has been buying, to stop the hole made by the deficiency of its revenues to meet its expenses. As this loss of revenue is purely and wholly due to the peculiar policies on which it staked its reputation, neither Republicans nor Democrats feel under obligation to rescue the administration from stewing in its own grease. As fast as it shall become felt that continued gold-borrowing means a free coinage of bonds in behalf of the gold-lending syndicate, Congress if in session will be pretty sure to stop it at the end of the present loan, by joint resolution, if that will do, or by a repeal of the statute under which these bonds are bought. If such action shall be resisted by the President, there would arise that contest between the Executive and Congress, in which Andrew Jackson succeeded and Andrew Johnson failed.

The next Congress may probably be depended on to restore the revenues and to make the customs duties payable in coin only, even over the President's veto, though this would involve a severe conflict. Would that measure alone prevent us from going to a silver basis? Probably not.

What would be the effect of the silver basis if it should come? The London *Statist* and London *Morning Post* say it would be of great importance to the West and South, would expand our export trade and impart an active stimulus to production throughout the country. They predict-

ed and still predict as much for the Wilson bill. They simply do not know. How many of the mortgages on real estate would be called, if the country should appear likely to go on a silver basis, and would be extended only on condition of their being made payable in gold? Would the courts sustain contracts to pay in gold coin after silver had become recognized by legislation as the sole legal standard? If so, a court rendering judgment on a \$200 contract payable in gold would have to adjudge, at the present difference, \$400 to be the amount due in silver coin. Nothing like this has ever prevailed in the United States. It would be a plunge into the unknown in too many respects to admit of any predictions as to the extent or nature of the results.

Financial storm signals in every direction are now in order, but the details of what is coming cannot be foretold. A very few statesmen, and a very little statesmanship are needed to weather the storm. Our duty is simple.

1. Stop the gold loans and bond issues.
2. Require all customs duties to be again paid in coin.
3. Repeal the legal-tender law, and require the banks and the country to resume coin payments at once.
4. Retire the legal-tenders by requiring the banks of the country to issue bank-notes in their stead on the security of their aggregate capital.
5. Unify the banking system of the country and place a federal bank at its head.
6. Repeal the bond security system of banking, and the ten per cent. tax on state bank issues, and subject the entire bank-note currency (which will be the sole paper money of the country, except the gold and silver certificates) to the daily test of coin redemption in gold and silver.
7. Give the banks an interest in issuing silver coins of their own coining as bank tokens, and in redeeming them in gold, as long as any disparity between the bullion value of the two money metals continues.

8. Restore enough duties on sugar and wool and woolens to net \$65,000,000 a year increase in revenues.

These measures will right the ship of state, give us an abundant and elastic paper currency which will expand and contract in obedience to the volume of business demanding its use, will make rates of interest in Montana and Arkansas as low as in Wall street, will leave the government no care as to currency except to collect its coin revenue on imports, will set the lending of money free to absolutely unrestricted competition, will revive prices of commodities so far as they may have been affected by disparity between the two money metals or by uncertainty as to the government's solvency, and will be promptly followed by a magnificent revival of industry, profits, wages, enterprise, immigration and general agricultural, manufacturing and commercial prosperity.

The Single Tax Superstition.

Nothing can become a popular superstition that does not offer some sugar-plum to human conceit, or some pander to human passion, so that men can believe it because they desire to believe it. A superstition, therefore, always comes loaded with a bribe. Plenty of people would gladly believe that the reason the rich are rich is because the poor are robbed, which is about on a par with the folly of attributing all the accumulated wisdom of the wise to the deceit and imposition they have practiced on the ignorant. One can make as much progress towards wealth by robbing those who have got nothing to lose, as he can make towards knowledge by deceiving the ignorant. The Single Tax Superstition finds its bribe in the offer it makes to inflate the conceit of every man who lacks wealth, by assuring him that he is in all intellectual respects the equal of those who possess it, and in all moral respects he is their superior, since they got it by robbing him, and he could

have got it but for his honesty. This makes his destitution a basis of membership in the aristocracy of the absolutely good, and throws the halo of sainthood around every poor Joe who sleeps in the muck and squalor of Tom all-Alone's.

Temporarily this superstition had given signs of dying out, through having mixed up in too much bad company, when the agitation of the tenement-house reform movement afforded its Mahdi, Mr. George, an opportunity to be heard again. In this aspect the Single Tax Superstition occurs as an obstacle, not perhaps a very permanent one, to such practical efforts as are making in the line of requiring better habitations to be offered at lower rates of rent to the working-classes. As a nuisance it deserves more attention than it would receive as a mere vagary. Mr. George says: "No! If landlords are compelled to furnish better houses they will get better rents. The only true reform is to abolish rent altogether." Of course this scheme would apply as well to every other commodity. If you want good goods abolish prices; if good work abolish wages; if low rates on loans of money abolish interest, if cheap goods abolish profits. There is no particular in which rental space, in a form fitted for occupancy, considered as a commodity offered for sale to a person desiring to occupy it, differs as to the mode of creating its value from any other commodity.

In all cases nature furnishes the material; appropriation by man subjects it to private title, labor adapts it to use, and the demand of the consumer gives it a value which cost of production measures. The order is as follows:

1. Nature furnishes all materials to somebody somewhere gratis, and in the form in which she furnishes them they have always no value.

2. Man appropriates all materials at this no-value point whereby they become the subjects of private ownership, without competition, resistance or injustice.

3. No man works on any materials which he does

not first own, except induced thereby by some one who does own them. Therefore, all labor in production is induced by private ownership. Hence, title originates labor. Labor never originates title.

4. All labor consists in transforming, transporting or transferring something already owned, as a means to adapt it to the social demand or use, in order to obtain the increased value which its greater adaptation to the consumptive wants of society will confer. This clearly concedes demand—*i. e.*, the consumer—to be the creator of its value. It is the prospective price he stands ready to pay which induces and rewards every intermediate change of form, of place, or of ownership, which constitutes wealth production.

Taking the facts in this order, every commodity from a corner lot to a cambric needle, is traceable back in a chain, beginning with the last step, *viz.*: its market value, and ending with the first, *viz.*: its appropriation.

1. Effective demand creates the market value of every commodity.

2. Its market value causes the labor to be given to produce it.

3. Title to the thing produced must precede the labor of production as motive, or the producer cannot get market value.

4. Title begins in appropriation of gratuitous gifts of nature at the no-value point.

The pen which wrote "Progress and Poverty" is thus traceable back to the appropriation at the no-value point of the land in which the gold or iron ore was mined from which the pen was made.

The single tax is a compound of three errors in economic science, one of which is an error as to the source of title to things, *viz.*: that no man has a just title except to that which he produces; one as to the cause of value in things, *viz.*: that whoever produces a thing produces also its value, and one as to the susceptibility of a certain value,

viz.: the value of land, to division in taxation so as to assign one definite part of the value, say half, to the land without the improvements and the other definite portion, say the remaining half of the value, to the improvements without the land, and then to enact as a fiscal measure a tax which will fall on the value of the land only, leaving the improvements untaxed and capable of free and valuable uses unaffected and indeed rather aided than otherwise by the fact that the value of the land, of which the improvements under existing law are part, has been taxed out of existence.

The first two propositions are economic mistakes—simple errors of fact, and the third is not even an economic error, because to attain the dignity of being an economic error it must embody some policy which mankind, if they choose to vote for it with sufficient numerical unanimity, can put into practice, the economic error consisting in the fact that its effects will be disastrous to society. A bad banking or coinage or tariff statute is an economic error, because if voted for with sufficient unanimity to pass it, it could go into effect. But if a proposition, when voted for unanimously by a state or nation, cannot be put into practice in the manner and form in which it is proposed, and if the only thing that could be put into practice would be some flat contradiction either of one-half or of the other half of the so-called measure, then the thing proposed is not even an economic error, because it fails to raise the fundamental economic problem which underlies all economic questions, *viz.*: will the measure, when put into practice, benefit or injure society? It is simply an economic impossibility or absurdity—a day dream or vagary. To this class belongs the single tax. The proposal to tax the values of land without taxing improvements, is impossible of being carried out, no matter how unanimously the people of any country may vote for it.

Mr. George's first proposition is ethical, *viz.*: that no man has a just title except to that which he produces.

Henry George did not produce Chickering Hall and had no hand in producing any part of it. Hence on this assumption he could no more get title to it for three hours as a means to hold a single tax meeting by paying the pretended owner \$100, than its pretended owner could lawfully buy a title in fee from Astor. But Mr. George did have this false title recently, as a means to hold a meeting for the denunciation of private title to land, without perceiving that in the act of buying a private title to land for three hours he was sanctioning the purchase of private titles in fee; acting by virtue of the very right he was holding the meeting to denounce.

When an auditor asked Mr. George to talk about "Immigration," two of the persons who believe that private title to land cannot justly exist even for a moment, proceeded without writ or process to "put him out," and actually ejected him forcibly from that hall which neither George nor they had produced and which, therefore, according to the doctrine they were met to assert, they could not own for so much as one moment.

The value of Chickering Hall as a place of meeting lay in its centrality relatively to the whole social movement or concentration of population, residences, accommodations and buildings, which we call the City of New York. Whoever contributed to the social movement itself helped to cause the centrality of Chickering Hall, and hence to create its value, and as every human being in the world does something to mould the aggregated societary movement, it follows that the value of Chickering Hall was produced by the entire population of the globe; the same causes which produced the centrality and value of the building produced also the centrality and value of the lot, just as the same causes which produce a cat produce its skin and fur, which are part of the cat.

The building is unthinkable as a piece of real estate with no lot to stand on. The lot is unthinkable as a piece of real estate, if perpetually divorced from the right and

power to build on it. The one is as perpetually impossible of existence or of value without its alliance with the others as a cat and its skin, or Antonio and his blood in the tragedy of Shylock.

This unity between improvements and the lot, is not asserted in behalf of this particular building or any particular improvement and the lot, but any building or improvement which happens to occupy the lot. Buildings may change in form and entity as blood changes in the veins and arteries of Antonio, but whatever blood is in his veins at any particular moment is Antonio's blood for which the bond of Shylock calls. The solid earth might conceivably revolve from under the building and its environment, and a new equivalent space of earth take its place, but if its environment of population, streets and social movement remained the same, then the new lot would hold the same building in the same central location relatively to population, and would have the same value and be in the economic sense the same lot.

Mr. George has much to say about God having given us the land, but it is not the land which God gave us that George taxes, but land values, and as all land values are conferred by man and none of them by God, there is no theological side to this economic question. God had nothing to do with making the value of lot or building, and will have nothing to do with the disappearance of such value other than as he created the earth and its people, with a constitution which developed them into certain capacities and desires, of which value is the expression.

The value of the lots is not a gift of God, but a result of population. No economic value in anything is a gift of God, but is wholly a result of human capacity and desire. Unless we identify God with all human desire as is done in Brahminism but not in Christianity (in which case there remains no distinction between good and evil,) value is wholly a human affair and begins and ends in man and in his efforts and products.

The economic value of land being wholly of human creation, it is a sophistry to say that because God gave the land to all, no one man can appropriate its value in private ownership. God did not give a cent's worth of its value to all or to any. That was given by man alone, like the value of all other commodities. It is this humanly created value which man appropriates in private ownership. Upon George's own principle, therefore, that man individually can appropriate whatever he creates, it becomes axiomatic that man collectively, having created or produced the values of land, can collectively appropriate or make them private property. Collective man has done this in the only way in which collective man can act, *viz.*: by custom and by legislation.

We do not at present pause to show that values of land cannot come into existence except as the consequence of private property in land, which has been so fully proven by Roscher, Lavellaye and other of the historical school of economists.

What we are now concerned in is the simpler fact that in practice there are not two separate values, one of land, the other of improvements, one of which can be taken and the other left, like the case of the two women who will be found grinding at the mill in the final judgment, but that the value of improved lands is one like the case of the child brought before Solomon, to divide which is to destroy it.

It will not be claimed that naked land, divorced forever from any power to improve it at any time, would have any rent-producing quality, or any pecuniary value. It would stand like a book so clasped that it could never be read, a horse that could never be bridled, or a ship that could never be launched. What is called, therefore, the value of the lot is the value of the right to put upon the lot the maximum of improvement or building which the situation of the lot will justify, so as to pay a more remunerative return on the capital invested in the building

than the same amount of capital invested in competing forms of industry will earn. The sole source of revenue to the owner is not the inverted cone of land which has its base in the four sides of the lot built upon and its apex in the centre of the earth. No rent is derivable from that portion and hence it is no more a part of the source of value than the unused space above the top of the building and reaching upward to the stars. What is called the economic value of the lot alone, without the buildings, is the prospective value which the vacant lot would derive from its location, as an opportunity for building, not as a source of original renting, the rent to be earned by its own qualities as a vacant lot, for in that state it would earn no rent. Hence if that state were made perpetual, the lot would be perpetually valueless. Mr. George concedes that there are no values of land except those which arise from the capitalization of its rent, and hence that land which is from any cause reduced in perpetuity to the condition of "no-rent land" can have no economic value.

This being so, the value (so called) of the lot is merely a reflex effect of the prospective building which the lot is best capable of containing, in view of the demand for rental space in that locality as distinguished from the value of the building which the lot actually contains which may be less or more.

If the building which the lot actually contains is very inferior to the ideal building which the social demand justifies, then the building, though rented to its utmost capacity and value, may be an incubus on the value of the lot and the lot would sell for more with it off. In such a case we say colloquially that the naked lot has become worth more than the occupied lot and present building combined, but this is inaccurate. What we mean is that the right to put on the lot a building of greater rental value than the present building, is worth more than the lot as now occupied, by the sum total of the added capital on which the rental of the maximum building which that lot would jus-

tify, would pay an interest. But this increased value of the lot for building purposes, is a value reflected wholly from the prospective value of the building which the lot deserves or needs, in view of the demand for rental space.

The so-called value of the lot being thus a reflex effect of the rental value either of the existing improvements, or of the socially demanded and prospective improvements, it follows that there is no value in any lot *per se* as a lot, but that all lot values so-called are a reflex effect of improvements present or prospective.

The relation which the value of the lot sustains to the improvements is that of a shadow to the substance. Hence a proposal to tax the values that inhere in the lot *per se*, irrespective of its improvements present or prospective, is a proposal to tax a vacuum, a cypher, a zero point, a non-entity.

Suppose there were a unanimous desire to enact the so-called single tax in New York state. No form of such a statute could be more effective than the following:

(1) Be it enacted, etc., that henceforth there shall be no tax collected from any person in this state except a single tax on such value as attaches to the land heretofore owned by such person, irrespective of and to the exclusion of any value that arises to such land through and on account of the right, power, hope, expectation or possibility that such person or his successors in ownership may at any time improve, cultivate, build on, or in any way subject to private ownership or dominion any part of such land; and such tax shall be imposed to the full value of the economic rent derivable by the owner from such land divested of all improvements thereon and of all power, right, hope and expectation of ever improving, cultivating, building on or in any way utilizing the same.

(2) The just and true intent of this act is that all the values imparted to such land by the improving, or by the prospect or hope of improving the same, or which are in any way humanly and socially created through the improvements and environment due to human labor, and by the social movement, shall be exempt from taxation, and only the economic values which were divinely imparted by the Creator to the lot itself shall be taxed for maintaining the state.

(3) Hence in the assessment of this tax, the assessors shall assess only the economic value which the land has, in the form in which God gave it to

man without either improvement or the right to improve, or social environment or artificial adjunct of any kind and especially without any right in one person to invest any other person with any private title to or monopoly in the use of such land for ever so short a period.

(4) And for the collection of the tax if not paid, the writ shall issue to the collector to sell all the right to use the land which the purchaser can obtain without acquiring any title to the improvements heretofore made on the land by others, or to their use, or to make or use any improvements on the land in the future. And out of the fund of taxes collected by the collector on such sales, not only shall all the expenses of Federal, State, County and Municipal Government be paid, but out of the surplus all deficiencies in the architecture of public and private buildings shall be supplied, all unemployed labor shall be kept employed, all unhappy and hypochondriac beings shall be amused to the utmost extent their nervous sensibilities will bear without pain, all the ignorant shall be instructed, all the vicious reformed and all the poor made rich—to the end that in whatsoever particulars the creation of man and the evolution of society now amount to a failure by God, they may all become a success by George.

This act shall take effect immediately.

The mere passage of such an act would of course be a manifestation of social idiocy. No community would be capable of it. Yet it contains no word which does not accurately embody some feature of the single tax hallucination. No assessor could find any value or property subject to taxation under it. No collector could offer anything for sale to collect the tax for non-payment. No tax would be paid. No government could be sustained. Anarchy would set in and society would come to a dead halt.

If by a variation in its language the single tax should be made collectable by giving a right to sell the improvements, confiscating in the first instance only that portion of the value reflected by those improvements, or by the right to improve on the lot itself, then the tax would be a tax on improvements and therefore not the single tax as advocated by George. But supposing such a tax act passed, and the former value of the improved lot to be reduced one-half, by confiscating that portion of the value which the building had imparted to the lot, even this act of confiscation of values could not be consummated without stipu-

lating with the purchaser of the building how long that building would be permitted to remain on that lot. If forever, this would restore the former title to the new purchaser. If for a shorter term it would be selling the land and improvements to the new purchaser for such shorter term, but by the same kind of private title as the single taxer denies the validity of, thus vesting in him a part of the title, the whole of which was by the act denied to his predecessor. When so vested in the purchaser the same proportion of the value arising from the rentals would attach to the land, provided the same permanency in the use of the improvements were assured as existed under the owner whose economic rent was supposed to be confiscated.

From every point of view the single tax vagary is wholly beneath logical analysis. It is the foot-ball of political economists, valuable only to develop those muscles of the nether limbs in the use of which the most intellectual philosopher is compelled to descend to a certain rivalry with animals of the baser and more stupid sort in order to give the ball a sounder kick. Such vagaries as these, however, have a peculiar fascination for minds which feel the need of a recrudescence of barbarism. The man who propounds them becomes a sort of Peter the Hermit, or Ponce de Leon, or veiled prophet of Khorasan, or William Miller who induces a great many simpler souls to expect they are going to restore Jerusalem, find the Fountain of Youth, abolish poverty or go up from the house-tops in their night gowns.

So long as the race demands superstitions they will be supplied. The promise of an economic millenium, on this side the grave, through a tax which everybody receives and nobody pays, is as good a superstition as has been foisted on the world since Joe Smith found the Book of Mormon at Palmyra.

New York Banks and the Bank Reserves.

The American, edited by Wharton Barker, makes a charge concerning our present national banking system which deserves attention. We have brought the point made by *The American* to the attention of some of our leading New York bankers, and their explanation amounts practically to an admission of the truth of *The American's* facts. *The American* says:

The national banks are practically divided into three classes: (1) Country banks, (2) Reserve city banks, (3) New York banks—these latter the ultimate reserve banks of the entire country. The “country banks”—about 3,700 in number—are authorized by the National Banking act to keep three-fifths, or sixty per cent., of their “lawful money reserves” in the banks of the reserve cities—twenty-two in number, including New York—while the banks in the “reserve cities” outside of New York are authorized to keep fifty per cent. of their reserves in the New York banks. The effect of these arrangements is, that the national banks in the reserve cities compete for possession of the “reserves” of the country banks, by paying interest upon them; and that the country banks, almost universally, keep their reserves up to the legal limit in the reserve cities; and that, practically, the whole body of them keep reserves in such reserve cities nearest to them and also in New York. The national banks of the reserve cities outside of New York also keep their reserves in New York—and practically, also, up to the legal limit.

The New York banks, it is thus perceived, are custodians of the legal-tender reserve funds of the country to an enormous extent; on the 6th of March, 1893, just before the explosion of the panic, to the amount of \$194,000,000; and on the 19th of December last to the amount of \$205,500,000. Of these enormous funds, ten banks—commonly called “stock exchange banks”—held \$120,000,000; and, with half a dozen exceptions, the whole New York national banks were debtor banks of a like kind in sums varying from \$4,000,000 downward—and of the total of these debts more than \$60,000,000 were owed to State and private banks, and to trust, deposit and guarantee companies. The average rate of interest paid was two per cent.

“It goes without saying” that the New York bankers did not allow these funds to lie idle. They were loaned as rapidly as received—chiefly to stock exchange operators; and in such a way that when, in 1893, the country banks and the reserve banks outside of New York called for their funds, the New York banks were unable to respond—with the consequence that the whole country had to suffer from the speculative operations of ten or twelve New York national bank presidents.

If it had been in the power of the New York national bank presidents—and they had been willing—to have refunded to their creditor banks even twenty or twenty-five millions of dollars in excess of the sums they actually did refund, which in the aggregate amounted to about \$50,000,000 out of nearly \$200,000,000, the severity of the panic would have been immensely lessened; probably its evil effects would not have been more than twenty-five or thirty per cent. of what they actually were.

The foregoing statement illustrates the supreme importance of a reconstruction of the reserve system of the national banks.

We print this long extract in full because it enforces the point so repeatedly made in the SOCIAL ECONOMIST that the concentration in large cities, especially in New York, of deposits, under the name of reserves, effected by our present system, gives New York City a banking interest not in harmony with that of the rest of the country, and needs to be set off by some system of unification or branch banking whereby the New York banks can become more closely allied to the country banks. At present the New York banks are like an alien aristocracy to the country banks or like the non-resident landlords to the Irish tenants. They can draw a revenue from their deposits of reserves by banks of other cities and of the country, without rendering to the banks making the deposits even the counter service in periods of stress which those deposits call for, still less the more comprehensive service which needs to be rendered by the heart of any financial system to its extremities.

The city banks shirk all charge of bank-note circulation. Needing none themselves they do not comprehend or co-operate in supplying the need of a note circulation by the country banks. Many of them profess to see no need of any paper money whatever and most of them are barely beginning to see that greenbacks are making the trouble but have no plan of getting over to a bank-note currency. They are not in a condition to assume the function which was assumed by the two United States banks of redeeming in coin the general note circulation of all the country banks, and of the banks of other cities, although they

actually hold in their vaults under the present system all the deposits required to make them safe in so doing.

If the banks of the United States are ever to come to coin payments again, the banks which hold the coin reserves of the whole country must assume the function of coin redemption on all the bank-notes of the country or coin redemption upon notes would be a dream. This has been the order of banking wherever coin redemption has been continuously maintained simultaneously with the right in many banks to issue paper money. Our present catastrophe in the currency comes from vesting the duty of coin redemption in the government only, while the bank reserves which should accompany this duty are in the New York banks.

The only qualification which the New York bankers make upon the statement of facts presented by *The American*, consists in saying that in the main the Western and Southern banks which first felt the scarcity of money were not the same Western and Southern banks which had the ample deposits in New York; that the deposits were chiefly due to the stronger Western and Southern city banks, while the distress began among the weaker Western and Southern country banks which had small deposits or none to draw upon. The latter came in crowds into the New York money market to buy currency, and bid against each other among the brokers, banks and merchants until they had driven currency to a premium, and when they had driven currency to a premium the New York banks could no longer furnish currency to their Western and Southern city banks, however large their deposits might be.

It must be conceded that this statement does not materially impeach the general facts narrated by *The American* but only places one *Sauve qui peut* a few days before another. The New York banks with \$200,000,000 of deposits due to city, Western and Southern banks, threw up the sponge as soon as currency went to a premium and did not pay the "reserves" due to other banks.

This does go far to show that the reserves deposited in the New York banks under the present practice are good reserves to secure the New York banks in times of stress but they are not good reserves to the banks which deposit them. For the purpose of carrying the depositing banks of the West, South, and of other cities, through a crisis, they might as well be in the bottom of the sea. They are a deprivation of assets and not a reserve.

This would not be true if the whole banking system of the country were unified in the manner provided for in the bill advocated by Mr. Gunton before the Banking and Currency Committee and printed in the *SOCIAL ECONOMIST* for January. Under this system we suppose one of the metropolitan banks, say the Park National, to be the depositor, and clearing and redeeming bank of say seventy depositing branch banks located wherever they might be. These seventy depositing banks would have become branches of the Park National, each owning some small proportionate portion of its stock, and having some minority voice in its Board of Directors. In exchange, therefore the Park National would own some portion in the stock of each of these branch banks, and would have had its say in the selection of its officers, and would at all times have had access to its books, and the power to watch its loans.

The second bank of the United States had thirty-five branches and the effect was to make it the pioneer institution in loans to the South and West, so that it had \$40,000,000 of loans in those sections in 1830. Yet it was always secure and no depositor, bill-holder or even stockholder ever lost a dollar by it. The banking system of Canada and of England is branched in this manner and security results, together with a cheap money market and low rates of interest on the frontiers and less inflation and speculation in the centres.

The experience of our panic of '93, as interpreted in *The American*, proves that American banks instinctively

seek unity through the branch system, by making all the deposits required for such a system in the central banks, but when the return benefits are looked for in the form of greater security in panics they do not get them. The great banks are willing to convoy the small banks in still weather, but the instant a tempest sets in they leave them to the fury of the gale. But if a portion of the cargo on the smaller vessels of the fleet were owned by the convoying craft, and a voice in the management of the convoying craft were allotted to the owners of the smaller vessels, they will stand together through storm and shine.

The American's remedy for the evil is to convert the government or Treasury of the United States into a bank of deposit, and make it the recipient of the \$200,000,000 of reserve deposits now held by the New York City banks. The United States Treasury would make a very poor holder of the final reserve of the banks, at least so long as the \$500,000,000 in legal tenders are out, and can be used as a means of drawing out this "final reserve" for export at the rate of six millions a week. One can easily foresee that a panic would run through the banks if the gold, now so low in the Treasury, were also the ultimate coin reserves of all the banks in the country, yet could be drawn upon, by means of the greenbacks, for shipment and for hoarding.

It is painful and, in a sense, dispiriting to dwell in terms of destructive criticism without showing what the nature of the constructive work needs to be.

It cannot consist in rallying to the help of Cleveland, because he has no policy except that of destroying revenues and running deeper in debt to get the means of appearing to be able to pay debts. This is a drift toward Macawberism which no Congress can intelligently follow.

It cannot be found in following the New York banks, as they have a pecuniary interest in grabbing the coin reserves of the country without performing the duty of coin redemption for the other banks, or coin payments to any

customers. This makes it profitable for them to squeeze all the other financial centres of the country without subjecting them to any return of the squeezing process.

Whence, then, can a constructive policy come?

It can only come from the newly-elected Congress, and it can only come from that, if Cleveland, in calling it together, will simply get down from his Czar's throne and recognize the fact that that Congress and not he, nor his party, represents the people.

Such a course would conform to the spirit of responsible government, now dominant throughout the world, which requires that the latest-elected body of representatives of the people should dictate the policy of the government.

It will seem to some a Utopian policy to ask the new Congress to restore the wool and sugar duties, to retire the greenbacks by a substitution in their stead of bank-notes, with the daily test of coin redemption, to unify the banking system of the country and give it a responsible centre and head such as the English, French and German banking systems have, and to repeal the legal-tender law now, while putting an end, by the creation of an adequate government bank, to the possibility of our ever again needing to pass a legal-tender law even in the severest stress of war.

These are the integrating, constructive, prosperity-producing policies which a Franklin, Hamilton or Clay, a Webster, Lincoln, Seward or Chase, a Gallatin, Madison, Pitt or Colbert would propose.

If these shall be overborne and Mexican, half-breed, desert and swash-buckler policies shall rule, then as we waited for a protective tariff and a national currency until they came as adjuncts to a great civil war, so we may wait for the birth of a system of sound finance to the military conditions and civic courage which will naturally evolve through the sectional and social struggles to which incompetent policies will lead.

The Martin Mulct Law of Iowa.

FRANK L. McVEY.

During the sessions of the National Prohibition Convention in St. Louis several years ago, a great American flag hung from the ceiling of the hall with the words on it, "Des Moines, the largest city in the world without a saloon." The flag was the pride of the Iowa prohibitionists. It told the story of their battle with the liquor interest, and the victory they had won with the aid of the Republican party. The flag heralded to the world that there was one city of over 50,000 inhabitants that had no open saloons; but it said nothing of the druggists and "bootleggers" who in despite of law flourished in secret places—a hidden menace far worse than the open saloons. The same flag hung last summer over the meeting of a local prohibition convention. The words were no longer on the flag and it was covered with crape. The members of the convention were bound by a kindred feeling, as they thought over the long years of seemingly useless toil and trouble. But the fight is not ended, for the remaining members of the prohibition party have organized again for another contest with the liquor trust. They have systematized the work and expect to test the legality of the Martin mulct law which has superseded the old prohibitory amendment.

The Assembly of 1884 passed a bill providing for the submission of a prohibition amendment to the people. At this time the saloon flourished in the State, but the different municipalities always had more or less trouble in the regulation and collection of license rates. Some of the smaller towns had local option. There was, however, a constantly increasing sentiment in favor of prohibition and when the amendment was submitted to the people it was carried by a majority of 30,000. The amendment went into effect at midnight, July 3, 1884, and for ten years remained intact.

Des Moines, the capital of the State, has always been

the centre of the bitterest fight between the two elements. At the time of the passage of the amendment, Des Moines had 35,000 inhabitants. The large majority of her citizens insisted upon the enforcement of the law. There were constant violations as a matter of course, but the law was enforced with fair success. As the enthusiasm died away and the conflict seemed fruitless, the citizens were not so zealous in their prosecutions and vigilance began to flag. Des Moines has grown in those ten years to be a city of 80,000 inhabitants. The city has 30 miles of paving and one of the best street railway systems in the country. The buildings formerly occupied by saloons have been torn down and fine, large buildings have taken their places. Although these things did not necessarily come about through prohibition, nevertheless they go to show that attempts to limit the liquor business are not injurious to a city.

It was no easy matter to conduct a continual fight against the saloons. A certain element in the state aided and abetted the attempts to re-establish the saloon in the state and in consequence the fight was made more difficult by the union of this element with the liquor interest. Neither was it child's play to drive several thousand men out of their business, destroy their means of living and force hundreds into bankruptcy. Aided by their numerous sympathizers, the liquor men made war. A constant battle waged between the saloons and the better class of Iowa's people during the prohibitive period. At times it raged fiercely, at others dying down, until some violation more flagrant than the rest caused it to break out anew. The killing and injury of men and the destruction of property are but incidents in the enforcement of the law.

By this time a certain class of lawyers, constables and justices of the peace had learned that the convicting and fining of offenders was a plum that must not be lost sight of. And they didn't lose sight of it; as long as the law existed, it was used as a means of extortion. Those

who enforced the law did so not because they favored it, but because they could get something out of it. Every justice court had three or four professional searchers. These men invaded private property and entered homes sometimes without warrants. If only a single bottle of beer was found, or an empty whiskey flask, it was taken to the justice court and the case tried, the spoils condemned to destruction and the justice, witnesses and constables awarded fees. As a matter of course, the search business developed into a farce for the public, and a money-making scheme for searchers. There are, however, many instances where carloads of beer and large quantities of whiskey were destroyed. The abuses of the law and the right of search disgusted the people, and was one of the main causes for the amendment of the law. The searchers managed to keep out the open saloons, but the number of drugstores had doubled, although the health of the city continued excellent. The difficulty of enforcing the law and the negligence and cowardice of the officers, made it impossible to check the many attempts to sell thirsty citizens their favorite drinks. The terms of the old law permitted druggists to sell liquors for medicinal, mechanical and culinary purposes. The consequence was a rapid increase in the number of drugstores in the different parts of the state and the large sale of beers and liquors. In the examination of receipts, which were required to be signed by the purchaser of the intoxicant, telling the purpose it was desired for, many names of prominent men were found. Not that these men had more purchases of any kind at these stores, but that their names had been used by the buyer and accepted by the druggist as that of the signer when he well knew that such was not the case. A good many men, finding that it was difficult to secure liquors in the ordinary way, and that their reputations were damaged in their attempts to do so, formed what is known as "social clubs." These clubs were incorporated under the law of the state and were nothing more or less than a drinking

association which provided both a place and drinks to those who would pay the membership fee. The "boot-legger" was also another means of avoiding the law. This creature carried bottles of whiskey on his person, which he sold at so much a drink or delivered to regular customers. He met his victims in alleys and dark corners. The goods which he carried were the minimum in quantity but the maximum in effect. Both the social club and the boot-legger were hunted vigorously, but all this deceit and chicanery was very damaging to public morals.

The original package decision in 1891 forced the authorities to allow liquors to come into the state in their original packages. This altered very much the conditions of the law. Liquors could no longer be kept out of the state. Previous to the decision, beer, wine and whiskies were smuggled into the state subject at any time to seizure, and many carloads of beer, shipped by the different brewers of the Northwest into the state, were seized and destroyed by the officers.

As intimated before, the law was not enforced with the same earnestness in all the parts of the state. Sectionalism came into existence, which resulted in a sort of local option. On the eastern and western borders of the state the violations were open and no attempt was made to keep within the pale of the law. Although the law was a general one in its application and exempted no part of the state or any citizen or town of the state from its workings, it remained with each community to see that it was enforced. In the river towns, Dubuque, Davenport, Burlington, Keokuk, Council Bluffs and Sioux City, the saloon existed throughout the entire period. In some of these towns licenses were collected, a proceeding in direct opposition to the purpose and letter of the law. Like an avenging spirit, the saloon-keepers of one of these towns, Council Bluffs, after the amendment of the old law, brought suit against the city for the return of the money that had been unlawfully collected. The saloonmen stand a good chance

of getting back the amount they were forced to pay. In the central part of the state the saloon was fought vigorously, and from the time of the passage of the prohibitory law until its amendment by the Martin law, there was a continual warfare as to which should have the ascendancy. The saloons, as saloons, were driven out, but liquors were still sold by the druggists and peddled around by the bootleggers.

Such a condition of affairs divided the people in their opinion as to the effectiveness of the law, while the continued violations and the pardoning of sentenced violators destroyed the faith that formerly existed in its workings. Gradually the opinion prevailed that the law no longer prohibited, if it ever did. The Republican party, the introducer of the original movement, its stand-by and guard, began to shift uneasily in its political seat. The leaders watched cautiously the returns from the river counties, which showed at each election a smaller number of votes for the Republican party. Seeing that its ascendancy was in danger, and recognizing the fact that there were disturbances within the party and bolters from its ranks, the leaders made bold to introduce in the platform of the party in its convention at Des Moines in 1893 an anti-prohibition plank. The plank was well received by the people, and the large majorities with which the candidates of the party were elected showed that the pledge was expected to be fulfilled. In accordance with this pledge Mr. Martin introduced his bill in the General Assembly, which was passed in March, 1894. The object of the bill is to make the selling of liquor in the state of Iowa as difficult as possible, and to hedge around the privilege of the saloon-keeper with as many restrictions as possible.

The mainstay of the new law is the assessor. Upon his honesty, courage and sense of honor rests the success or failure of the law. Although the law provides for his dismissal, and also permits the affidavit of three citizens to be taken as evidence of the existence of saloons, still there

is room for dishonest practice if the assessor is inclined to do so. Each saloon is assessed \$600, half of which goes to the county and half to the municipality in which it is collected. Any city or town can, however, add an unlimited amount to this assessment. Since the enforcement of the law lies in the collection of the tax, there must be rigorous rules for its collection. In the first place, all property, personal and real, which is concerned in the conduct of the establishment is liable to seizure for non-payment. In this manner the owner of the building becomes personally responsible if his tenant is not good. The applicant for the privilege of keeping a saloon is hedged about by many restrictions. In the first place, he must deposit a bond of three thousand dollars, properly endorsed, together with six hundred dollars in cash. He must, at the same time, present a petition signed by the majority of the voters, if in a town of over five thousand inhabitants, otherwise sixty-five per cent. of the voting population must affix their signatures to the document. The consent of the property-owners fifty feet on both sides of the place must be secured, and no saloon can be within three hundred feet of a church or a schoolhouse. When the saloon-keeper has complied with these restrictions his task is not done, for he cannot have any side-amusements, pictures of questionable character cannot hang on his walls, no furniture can stand in front of the bar, no screens can hide the drinker, everything must be open. The man who enters cannot sit down, and in this way prolonged visits are made work. The places cannot be kept open on Sunday, and on week-days the hours are from 5 A. M. until 10 P. M. If any parent, brother, sister, uncle, husband, wife, guardian, ward or employer gives written notice that liquor shall not be sold to a certain person, a violation of this notice constitutes reason to withdraw the privilege of selling liquors. On June 1st and December 1st of each year one-half of the assessment must be paid, and, if not paid by the time the next assessment is due, the county treasurer is authorized

to sell the building and its contents. The day after payment is due twenty per cent. is added to the tax and one per cent. for each month until paid or sold, as described. It is the duty of the county attorney to see that these conditions are enforced, and if he is not inclined to enforce the law, any district-court judge can remove him from his office. Such are the requirements of the Martin law. It is a combination of prohibition and the Gothenberg form of regulation.

One of the sections declares that "nothing in this act contained shall in any way be construed to mean that the business of the selling of intoxicating liquors is in any way legalized. Nor is the same to be construed in any manner or form as a license, nor shall the assessment or payment of any tax for the sale of liquors as aforesaid, protect the wrong-doer from any penalty now provided by law, except that upon conditions hereinafter provided certain penalties may be suspended." It will be seen from this section that the old prohibitive law, with its various penalties, is still theoretically in force, but that the conditions of the new law permit certain violations of it as has been shown. Whether such a compromise can be successful or not remains a question for time to solve. The prohibition law of 1884 remaining as it does in force, is legally violated by the conditions of the Martin law. It is true that this law is a severe one, and that its regulations are driving many old offenders out of business where the number of saloons were large under the old law. Previous to the passage of the Martin law they were not compelled to pay any part of their profits into the treasury of the cities or the counties, except in those cases where the council made so bold as to levy a license which did not always get as far as the city treasury. But now that the tax is high and payments are collected without regard to persons, it is only the more wealthy men, or those who can mortgage their bar fixtures that can indulge in this kind of practice. A great many of the saloon fixtures and stock are mortgaged, for men of

wealth hesitate to embark in an undertaking which has been under the ban of the state so long. They wait in order to see what will be the outcome of the new law. Wherever prohibition is practicable under the old law, it is just as possible under the Martin law; for communities which desire it can easily secure it. The signing of petitions is a necessity before saloons can secure a permit, and if a community does not wish saloons, the people need not sign the petition. Taken all in all, this law is an improvement over the old one. It has driven the saloon druggists out of business and destroyed the business of the bootlegger; while the cause for the existence of the social club has been taken away by the appearance of the saloon. The newness of the law may have something to do with its strict observance at the present time. Whether the saloonkeeper will become bolder and more open and fail to observe the law in all its parts when this newness wears off and he becomes accustomed to the conditions, remains to be seen, and time can only tell whether this new law is a solution of the saloon question.

Homicides, American and Southern.

VAN BUREN DENSLOW.

Mr. Milton of Chattanooga published recently in the *SOCIAL ECONOMIST* an article on "Social Conditions at the South" in which he declares that "there is no more resort to violence in the settlement of differences in the South than in any other part of the United States," and that "those who think differently are, thanks to a closer contact between the two regions commercially and politically, constantly a more insignificant minority."

We would rejoice if this were true, but no good is done to either section by politely pretending to believe what everybody in both sections knows to be false. There are four kinds of murder constantly going on in the

South, none of which are known at the North, viz.: assassination to nullify federal revenue laws, assassination to nullify federal election laws, vendettas between Southern neighborhoods, and murders to maintain white sovereignty.

This is exclusive of the morbid tendency, which the more prominent persons at the South share only with the least respected class at the North, to kill those whom they cannot rule.

The fact that the people of the South country are hasty, in Europe as well as in America, pervades all literature and is part of the common knowledge of mankind. The encyclopædia Britannica [Art. Crime], says: "Those which are prompted by the animal passions are most common in the summer months," and with this agrees Byron in the stanza:

"What men call gallantry and gods adultery,
Grows far more common where the climates sultry."

To this effect of climate in Southern Europe the American South, for various reasons, presents a marked contrast of home virtue. When Charles Dickens begins in Chapter 23 of *Bleak House* to portray the character of the French maid Hortense who many chapters later murders Lawyer Tulkinghorn, he makes her describe herself thus:

"Mademoiselle, I come from the South country, where we are quick and where we like and dislike very strong." Gradually step by step, out of this quality and from her determination to rule by passion those whom she has no right to rule, the author develops her into the born murderess of a person who has done her no wrong, save in her fancy.

In my work upon the Principles of Economic Philosophy (p. 442), I find two sentences condensing what M. Quetelet, the leading French criminologist, says at great length on this point. He is summed up as follows: "M. Quetelet found that both in warm weather and in warm climates, as compared with cold, crimes of violence and against persons prevail, but that in cold weather and in cold climates

crimes against property multiply. He found that the country in which there are most frequent changes, and the greatest admixture of population, in which industry and commerce bring people into most active collision, and persons and property circulate most actively, and in which there were greatest inequalities of fortune, there was the highest ratio of crime to population."

According to M. Quetelet, therefore, the rapid changes in social and pecuniary condition constantly going on in the Northern states should constitute conditions even more favorable to crime than the warmer climate of the South. Doubtless in the whole United States the security of life and property is less than in almost any part of Europe. For, to quote from M. Quetelet, the homicides in France were in 1826, 241; in 1827, 234; in 1828, 227; and in 1829, 231. Also to quote from "Miscellaneous Statistics of Great Britain," (Vol. I.) the homicides in the United Kingdom were:

UNITED KINGDOM	1865	1866	1867
Murders	227	272	275
Killed (not by accident)	282	223	179
Justifiable homicides.....	6	5	6
Suicides.....	1397	1360	1356
Deaths, cause unknown.....	222	225	208
Found dead	2657	2697	2792

In this schedule the first two classes comprise the criminal homicides, which are therefore about 500 per annum. Against this we have 3,567 murders in the United States for 1889, 4,290 murders for 1890, 5,906 in 1891, 6,791 for 1892, 6,615 for 1893, and 9,800 for 1894, according to the *Chicago Tribune*. The startling increase in crime in 1894 is not greater than attended the repeal of the Corn Laws in Ireland and England in 1847, nor than usually attends any marked change in legislation which produces general depression and hard times.

The proportion of homicidal crime for all parts of the United States is very much greater than for England or France, to the exceeding discredit of our common country. There are obvious causes connected with rapid immigration and frequent changes of social condition which tend to aggravate homicidal tendencies at the North. Yet if, with lower industrial conditions and rates of wages, the South is also seriously more lawless than the North, it cannot fail to prevent white immigration from entering into that section and thus greatly restrict the possibility of any extended use of machinery, in which event its growth in prosperity must be slow.

De Tocqueville, writing while Jackson was president, said (p. 420 of Reeves's translation): "The effects of the climate, and more especially of slavery, have gradually introduced very striking differences between the British settler of the Southern states and the British settler of the North. * * * Slavery has not created interests in the South contrary to those of the North, but it has modified the character and changed the habits of the natives of the South. * * * In the South there are no families so poor as not to have slaves. The citizen of the Southern states of the Union is invested with a sort of domestic dictatorship from his earliest years; the first notion he acquires in life is that he is born to command, and the first habit he contracts is that of being obeyed without resistance. His education tends, then, to give him the character of a supercilious and a hasty man; irascible, violent and ardent in his desires, impatient of obstacles, but easily discouraged if he cannot succeed upon his first attempt.

"The American of the Northern states is surrounded by no slaves in his childhood; he is even unattended by free servants, and is usually obliged to provide for his own wants. No sooner does he enter the world than the idea of necessity assails him on every side. He soon learns to know exactly the limit of his authority. He never expects to subdue those who withstand him by force, and he knows

that the surest means of obtaining the support of his fellow creatures is to win their favor. He therefore becomes patient, tolerant, slow to act and persevering in his designs."

In the period in which DeTocqueville wrote, almost no literature, comparatively few inventions and no great fortunes had developed at the North. The South had been represented in Congress by Calhoun, Benton and Clay, and Virginia had enjoyed almost a monopoly of the presidency. No distinctively anti-slavery policy or party existed at the North, and in all their recent conflicts in politics over the tariff, the banks, and the alliance with Napoleon in his campaign against Europe in 1812-15, the North had been beaten. De Tocqueville, therefore, accredited the South with the superior brilliancy and the North only with the greater commercial aptitudes; the South with the magnanimity of an aristocracy, the North with the thrifty qualities of the middle classes.

De Tocqueville, therefore, predicted in 1836 that the North and the South would not agree, not because slavery caused the interests of the South to antagonize the Union, but because it developed in the South a people whose manners and characters so differed from those of the North as to become a different civilization. This is the crucial point: whether the South has not educated itself into and does not retain a different moral code as to the question of taking human life. A certain nobility and moral grandeur attaches in the Southern mind to all killing, the object of which is to enable an individual who enjoys a certain social prominence to maintain a domineering attitude towards others.

The *Sun* of Dec. 30th copies from the *Atlanta Constitution* of recent date a three-column account of an oath-bound secret order of "moonshiners, liquor distillers, revenue law resisters, Grand Jury packers, perjury suborners, bail-bond furnishers, Kuklux "regulators," negro hangers, and common assassins, containing 800 members,

which now dominates the northern counties of Georgia with lawlessness and terrorism. It covers Murray, Gilmer, Whitfield and Gordon counties. The *Atlanta Constitution* says: "The regulators are bound together by an oath which requires the surrender of life as the penalty of betrayal. No man who gives away its secrets can hope to live." "They stand together as one man in politics and everything else. In its ranks are many of the preachers living in the territory named." The details printed by the *Atlanta Constitution* show that the Deputy U. S. Marshal, Tom Wright, of the Atlanta Customs District, was well known, at the time he was selected by the Cleveland Administration, to have attempted, with a mob, to kill a negro named Bentley Davis, who gave him and his whole mob an even fight with an axe, though they were armed with pistols. This same Wright undertook to compel a stranger who was looking at property in the neighborhood with the view of buying, to dance, by lashing him with his whip in presence of a crowd; when, for all of this, the foreign capitalist complained before a Justice, he was discharged, on the ground that the "cracking the whip" over the shoulders of the capitalist involved no criminal intent but only festive hilarity usual among "boys." The same Tom Wright also welted a South Carolinian named Chandler who had recently tried to make a home in Georgia.

It was shortly after midnight one night that the cabin home of Chandler was surrounded by a throng of men in masks. A detail broke in the door, seized the affrighted man, and, taking him out, stripped him of all his clothes, and with trace-chains and plough-lines began to play with him until the blood coursed his back. The terrified wife, held back by the iron grasp of two strong men, was forced to look upon the scene. At last, by a super-human effort, she broke their grasp, ran to the chief lasher, snatched his mask from his face, and there stood exposed to view the face of the man who was afterward chosen to be Deputy United States Marshal, Tom Wright!

So long as this is the treatment accorded to immigrants who move from one Southern state into another, is it any wonder that in the ten Southern States, the census

shows that out of the 6,937 townships which constitute the South no less than 2,061 lost population between 1880 and 1890?

The *Atlanta Constitution* continues:

On the Gilmer side of the line two other midnight visitations were made in which many of the principals of the Worley murder took part, notably the Gable family, assisted by the Grices and others.

The Thurman family consisted of a father, 70 years of age, clean-shaven, strong-faced, and intelligent; a mother, 65 years old, evidently a superior type of woman, and a 20-year-old daughter, Miss Vada Thurman. The three were asleep when the bursting of the door and the entrance of a dozen men, masked and bearing torches, awoke them. Two men held Mrs. Thurman, while the others, seizing the father and daughter, marched them out into the front yard, where, with short leather straps, they unmercifully flogged the two victims.

"Pa is an old man," shouted Miss Vada to the miscreants, "and cannot stand that. I am willing to suffer twice as much if you will let go of him."

But no such daughterly appeal could reach the stony hearts of these men, who plied the straps until the blood flowed from the backs of both. Mrs. Thurman escaped from the hands of the two men who held her and ran to the aid of her daughter.

"Let's give the old hellcat a dose, too," exclaimed John Reuben Gable, who held the longest strap. Instantly the covering was torn from the shoulders of the mother, and blow after blow descended until her flesh was lacerated and beaten into a jelly of flesh and blood.

"They held me tight," said the old man, as he repeated the story, "and made me look at the suffering of my old woman as they welted her! It was mighty hard," he continued with a sigh, as his eyes looked down upon the ground, "to have to stand there—to see the poor old woman, the mother of my children, beat up, and not be able to go to her."

The other case was that of Mrs. Powell and her daughter, a bright little girl of sixteen, a perfect mountain beauty. Mrs. Powell, a handsome and neat-appearing woman, was dragged from bed by a gang of whom the Gables and Grices formed a part, and was flogged within an inch of her life. The most diabolical part of the plot was the original intention to outrage Miss Powell, which was prevented by the unexpected presence of a stranger in the house from an adjoining county.

Passing to another part of the South we select an extract from a letter written by a resident of Thibodeau, La., to the *Philadelphia Press*, dated Dec. 26th ult. He says:

J. T. Whitehurst was a young mulatto, well educated, had been a

school teacher, and at the time of his death was employed as a weigher by the Sugar Planters' Bureau. He had stated that he expected to vote for Judge Beattie. That was all, but as he was prominent among the colored population he was marked for sacrifice.

On the Sunday night before the election Whitehurst was called out of his house by some white men, armed with Winchesters, and right on his own doorstep he was shot to death. This happened in the town of Thibodeau, and the body laid in the yard of his home for twelve hours, everybody being afraid to move it for fear of exciting the rage of his white murderers. On Monday morning when it became known that Whitehurst had been killed, riders were sent over into Assumption Parish with the news. Posters were gotten out, stating that a negro had been killed over in Thibodeau and stating that it would be well for all colored men to keep away from the polls. As a result few, if any, colored men voted in this parish.

Then follow accounts of one other murder in the same parish and one flight to avoid murder. The efficacy of these crimes appears in the fact that one member elect in the next Congress owes his seat to these assassinations.

It was not the fault of the sugar planters of this district that the election of Judge Beattie did not appear on the face of the returns. They were met in their efforts to elect a Republican by the most unblushing fraud perpetrated by paid criminals. It was the boast of the election manipulators that they would carry the district for the Democrats. J. Y. Sanders, a member of the Legislature, one of the supervisors of elections for the Parish of St. Mary's, made the open assertion to a Republican that "we propose to beat you by fair means, and, if not, by foul."

The manner in which the election went in the parish of Governor Foster and Senator Caffery shows the effect of intimidation. No negroes voted at the polls in Governor Foster's town, and in Senator Caffery's town of Franklin not a single negro appeared at the polls.

In the town of Lake Charles there was a Republican club of 400 men. All of these voted for Judge Beattie, while over 100 votes were cast for the third party candidate. The doctored returns showed less than fifty votes for Beattie.

In a carefully prepared annual record of social facts for the year 1894, published in the *Chicago Tribune* of Jan. 1st, 1895, it appears that 9,800 murders for 1894 were reported to the police and in the public journals, as actually occurring in the United States within that year. This is a far more accurate test of the number of murders committed than the census enumeration of the totals of persons

imprisoned in that year—since the latter omits murderers not arrested, includes those whose crimes occurred in previous years, and leads entirely astray as to the number of homicides in cases like one in Georgia where forty persons are under arrest for participation in the murder of one person.

In a year in which 9,800 murders are committed only 132 persons are executed for murder, for which legal executions 41 occurred in the North and 91 in the South. With a population one-half as great as that of the North, the South has two and a fourth times as many executions, thus confessing to a per capita ratio of convictable murders about five times greater.

To the legal executions we must add the lynchings, which were 190. Of these the South lynched 166 persons while the whole North, having two-thirds of the population of the country, lynched 24, showing a per capita tendency toward lynching sixteen-fold greater at the South than in the North. Of the persons lynched 134 were negroes and 56 were white, and of the lynching of colored men only one-fifth were in cases where rape was charged. A large number were for alleged stealing and barn-burning.

At Quitman, Ga., about Dec. 3, Waverley Pike and West McColl and two Herring boys, all negroes, were riding two on horseback and two in wagons when they met a prosperous white farmer named Joseph Isom on foot. Isom seems to have assumed that the teams should turn out because he was white. The negroes assumed that the road belonged to the teams as against a foot passenger. He therefore held the road until the teams had nearly run over him when he said "Look out, don't run over me," and stepped out of the way. Pike had had an altercation with Isom in the morning, for some matter not made known, and drawing a pistol, he shot Isom through the heart, killing him instantly.

The whites collected to the number of several hundred

persons, and instead of killing Waverley Pike, West McColl and the two Herring boys, who were the only persons present at the murder, they bravely slew Sam Taylor, Eli Frazer, Sam Pike, a brother of Waverley, Henry Sherard, Jim McColl and a negro named Herring. Six of these persons were not concerned in the murder, and whether the seventh was present when Waverley Pike shot Isom is not known.

Thereupon several hundred negroes assembled to protect the real murderers, Waverley Pike and others. As six-sevenths, at least, of the negroes killed by the whites had committed no crime, it was necessary, in justification of their slaughter, to invent some more widespread fact than the sudden quarrel between Pike and Isom, as to the right to the road. The whites, therefore, set on foot the evident invention that there had been a widespread conspiracy among the blacks to kill every white engaged in arresting negroes for a previous murder of one Jeffreth, among whom Isom was one. Captain Tillman, the father-in-law of Isom, discouraged the warfare on the blacks, which he would not have done if he had known that the guilt extended beyond Waverley Pike. Moreover no grounds for suspecting a conspiracy have ever been made known. The condition of the "race war" on Dec. 23, is thus described:

A reporter visited the scene this evening. Every cross-road was found picketed with sentinels and every man in the county is armed to the teeth. When one of these race excitements occur King Terror rules in the homes of whites as well as blacks, and this is such a case. There are probably 500 men under arms, covering an area of about five square miles.

About a mile and a half from the home of the Isoms are about 200 whites, all well armed and breathing all sorts of vengeance. A mile further is a crowd of negroes of about the same size, armed with Winchester rifles, pistols, axes, clubs and every available weapon, waiting for the whites to attack. They are intrenched in and around a lot of negro cabins in the midst of a thin grove, and the latest information is that whites are advancing on them from two sides.

The advance of the whites "from two sides" proved to be from the side of the telegraph and from that of the

State militia. The Governor sent the troops, who, when they came, found nobody—arrested nobody. The murderers of Joseph Isom are still abroad, as are also the murderers of the seven victims of lynch assassination who had no hand in killing Isom.

The lesson which this policy of vengeance on the defenceless innocent and mildness toward the guilty who show fight, teaches the blacks, is, that they are safer, though guilty, if they fight than they are when innocent, if they run. This is always true when society is dominated by bullies. Bullies are men who will use force to control the conduct of their neighbors so long as they know that effective force cannot or will not be used in return, but when they see deadly force proposed against them, instantly back down.

We doubt if a single challenge has been sent in Washington since Congressman Potter of Wisconsin accepted Roger A. Pryor's challenge to fight, but named as his weapon the bowie-knife, as the place a dark room eight feet square securely locked on the inside, and as the hour five o'clock the next morning. This was in 1860.

That ended duelling in Congress, thus showing that the only hope under which men will fight duels is that of killing the other fellow and surviving themselves.

Even young Andrew Jackson, not then a general, but a lawyer, merchant and farmer, in his fight with Charles Dickenson, was not above wearing over his remarkably thin form a linen duster so loose that, though Dickenson's ball struck the exact button that he supposed covered Jackson's heart, he was deceived by five inches as to the exact location of that organ.

The South is in better moral condition than during the slave period. Miss Martineau, writing in 1834, declares that New Orleans alone had 15 duels on a single Sunday morning, 102 duels between Jan. 1st and May 1st, and averaged one duel for every day in the year. Duellists' clubs then existed throughout the South, wherein

members had precedence in proportion to the number of duels they had fought.

In the year 1886, Mr. H. F. Redfield published a treatise on the ratio of homicides in the South to those in the North, the result of a careful registration for twenty years of all the homicides occurring in both sections, which showed the cases of individual and mob assassination in the South during the twenty years following 1865, to be about 42,000 slain. He found the ratio of murders to population to be many times greater South than North.

The assassination of the Italians in New Orleans on the charge of being "members of the Maffia" * was a peculiarly flagrant and cruel proceeding. It placed our American government in the same position toward that of Italy, as the outrages on Americans citizens in Algiers placed the government of Morocco toward the United States, or as those in the Korea placed the Chinese government toward the United States. All three were cases of a central government either unable or unwilling to protect the subjects of a foreign state against the lawless violence of the mobs of a local commonwealth. Had Italy been strong enough to put in force the precedents afforded by international law and usage and by the practise of the American government in like cases, she would have had the same right on the confession of the United States that it lacked power to punish the offenders, to send her

* The Maffia has no members, is not an organization, but an understanding, custom or habit of rendering mutual help among offenders, traders, farmers, bidders at an auction, or buyers of goods or witnesses, whereby they make terms. It is fully described by M. Merlino, of Naples, in *Political Science Quarterly* for September, 1894. A criminal conspiracy to murder among Italians would be called a Camorra. A Maffia is an economic, political or jural affair like trusts, or corners, or rings, or cabals. It relates to markets, trials, witnesses and juries, not to murder and assassination. Had a Maffia existed in the case of the New Orleans prisoners and outside parties, it would not have implied guilt on their part but only an understanding not to testify against each other or a combination to employ counsel, bribe or "fix" jurors if they could, or any co-operation which would beat the prosecution and end in their acquittal.

ships of war to New Orleans and right the wrong herself as our government had to send cruisers to Algiers to afford redress against pirates which the Emperor of Morocco could not restrain, or against Korea to protect missionaries whom the central government at China failed to protect. Our republican administration was at the moment in the hands of an invalid, Mr. Blaine, who found it easier to rely on his assurance that Italy was too weak to demand redress than it would have been to bring the offenders to justice. But our national dignity was none the less disgraced by the event. Not a scintilla of evidence of the guilt of either of the Italians was ever made known to anybody, and the public prosecutor and the jury certified that none existed. Its nature would have been published in vindication of the assassination, and none was ever published.

The system of vendettas, family warfares like those between the Hatfields and McCoys of Western Virginia and Eastern Kentucky, wherein neighbors continue to assassinate the surviving members of each other's families in feuds which extend from generation to generation are as disgraceful to American civilization as anything that occurs among Turks or Tartars.

Homicidal crime in the North is largely committed by the roving vagabonds of foreign birth who have never had a stake in any country, nor a local pride, who are attracted here by our high rates of wages and whose lower propensities are developed under our active society movement by the fact that greater facilities of escape exist, and individuals are freer from surveillance of the authorities, here than in Europe. But among persons of American birth homicidal crime is as rare as duelling. The North has produced in a century one American duellist, Aaron Burr, and about two American murderers, Prof. Webster and John C. Colt. Burr passed into instant universal contempt at the North the moment he had killed Hamilton. At the South the year in which that crime occurred, 1804-5, marks the period when Burr

became the bosom friend of Andrew Jackson, visiting often and intimately at the Hermitage, and enjoying the cordial friendship and hospitality of so many Southern homes that his scheme of founding a Southwestern Confederacy, for which he was brought to trial on the charge of treason, was not made absurd by any lack of familiarity on his part with Southern society or by any lack of cordial esteem by the Southern people. On the other hand, the Southern homicidal tendency has its seat in persons of American birth and education and of Christian profession. While this article is going through the press, on one day a Rev. Lemuel Penrod, near Louisville, Kentucky, shoots one of his deacons in the foot, on a question as to the saving power of infant baptism, and on the next day a brother or nephew of the Governor of South Carolina, shoots his friend on some trifling problem relating to a small promissory note. A week or two later an actor, Gentry, of Southern birth and education, kills in Philadelphia a girl who was so unfortunate as to have accepted his attentions, who had gone from Philadelphia to Jersey City to meet him, and whose crime consisted in having missed finding him at the place appointed. Is there no moral force in the leaders of Southern society, in pulpit, press or private life which can check this tide of constant slaughter of the innocent under the mere insanity of a headstrong ignorance, combined with an imagination that manufactures all its grievances, and a brutality of passion that leaves to no other human being than the possessed demoniac any show of rights whatever except the right to be killed as the penalty of having some Southerners in one's circle of acquaintance?

All this homicidal tendency is the recrudescence of slavery. It was because by the habits of barbaric coercion on which slavery rests, the average cult and sentiment of the Southern people regarded the trigger as the source of law, that it was so easy and natural to the Southern mind to expect to overthrow the national government by force.

Editorial Crucible.

MR. EDWARD ATKINSON has made the discovery that the present deficiency in the revenues and the consequent panicky condition is all due to the McKinley bill. May we not expect that Mr. Atkinson will some day claim that this discreditable sixty-two million bond "job" was negotiated by Mr. Harrison through his law partners in Indianapolis? To Atkinson all things are possible.

THE LEGISLATURE of North Carolina did itself great honor in adjourning upon the motion of a negro member, as a mark of respect to the memory of Frederick Douglass, especially as it had, on the 19th of January, declined to adjourn in homage of the memory of Robert E. Lee. This shows that the spirit of a new and more liberal South is really gaining strength in North Carolina.

IT IS RATHER extraordinary that with an attorney-general in the cabinet, presumably selected from among the ablest lawyers in the country, that the government had to go to the president's law firm in New York City in order to get the contract drawn for this remarkable bond issue. It is the more extraordinary as the bargain is such a notoriously poor one for the United States. In order that no disparaging reflections may arise in the public mind, it would be well if some member of Congress would introduce a resolution asking the president to state exactly how much his firm received for its services in the transaction.

HON. CHARLES S. FAIRCHILD, Chairman of "The Reform Club Committee on Sound Currency," has just issued a circular announcing that his committee is going to undertake a campaign of education in behalf of sound currency. Among the features of currency reform that Mr.

Fairchild's committee will advocate is the "retirement of the government greenbacks and a safe, elastic system of banknote currency." We congratulate the Reform Club in taking this step. In so doing it is, at least, heading in the right direction. If it will add to its programme the demand for currency coin redemption by the banks and the unification of the banking system so as to make all the banks interdependent upon each other and the entire banking capital of the country responsible for the bank issues, it will take the lead in currency reform. In this effort it will have the support of all friends of sound money and scientific banking, regardless of party affiliation.

THE *Yale Review* for February holds that the maintenance of parity between our different forms of money does not depend so largely upon the government reserve of gold in the Treasury as it does upon the "commercial reserves of gold held by the banks and merchants, which now amount to four or five hundred millions of dollars, and which is not at present subject to this liability of destruction."

We do not quite catch the process by which the *Yale Review* comes to the conclusion that gold reserves which cannot be legally drawn upon by anybody for any purpose perform the useful function of sustaining anything whatever. How do they differ from stockings full of gold coin held in the vaults of misers? As the banks will not pay them out for any purpose except in purchase of government bonds, are they not like the reserves in McClellan's army? Does not the fact that it is known that they cannot be called into action for any purpose except that of cornering and bleeding the Treasury of an increasing burden of interest tend rather to increase the confidence of the enemies to the government's credit than of its friends? Do not the banks stake the current interest on all this hoard of gold on the faith that the United States Treasury will

be driven to a point where gold will be worth more than its notes ?

ACCORDING TO the *Boston Globe*, in a lecture to the juniors in the Massachusetts Institute of Technology, on the "Causes of Poverty," President. Francis A. Walker "was particularly hard on Henry George" for assigning rent as a cause of poverty. He then attributed poverty to three causes, chief among which is "the introduction of machinery and the use of steam which has increased poverty to more than it was in the early days." We can readily imagine Mr. Walker being hard on Henry George, for he has more than once shown his ability effectually to shatter Mr. George's claim "that rent is the cause of poverty." But surely the *Globe* must be in error as to President Walker's own views. We refuse to believe that General Walker has joined the uneconomic pessimists who think machinery and steam are poverty-creating forces in society. This is really as bad as the worst thing Henry George says. If "rent is the cause of poverty," then, as Mr. Walker has more than once shown, we can abolish poverty by returning to predatory conditions of no-rent society; and if machinery is the cause of poverty, the remedy is also to be found in a return to hand-labor industrial methods. Mr. Walker has too much economic sanity to believe anything so absurd.

A MOTION was about to be made in the British Parliament on Tuesday, 26th ult., as we are going to press, inviting the British government to concur in the expression on the part of the government of France and the parliament of Germany regarding the serious evils resulting from the constant fluctuations and the growing divergence in the relative value of gold and silver. It urges the desirability of co-operating with other nations in an international monetary conference to consider what measures can be

taken to rehabilitate silver or investigate the evils which it is claimed arise from the demonetization of the white metal, and it gave its attention to international coinage. The first of these conferences was held in 1867, when silver had been for fifteen years by from one to five cents dearer than gold. By the time it met, the need for it had nearly vanished, as it was discovered that gold was climbing up to par. The European bimetallic party is more representative of the doctrinaires and monetary theorists, and even of the bankers, than the American. Yet in each of the monetary conferences thus far held it has been singularly void of plans or proposals. It probably contains no theorists so devoted as to believe that free coinage by any one country would be beneficial to that country so long as the disparity between the two metals is as great as now, or that it would bring silver to par. In this respect it is far from agreeing with the American silver party.

THE PRECARIOUS CONDITION of the national Treasury has put the government at the mercy of the bankers. In advancing the loan of \$62,000,000 the banking syndicate has "held up" the government for \$16,000,000 for the privilege of having the right by the terms of the contract to repay the loan in "coin" instead of "gold." The bankers know very well, as everybody else does, that the government's interpretation of coin has always been gold, if silver was not fully equivalent to gold, provided it was not compelled to pay for whatever difference there might be between the two words. The payment of \$16,000,000 for the privilege of contracting to pay in coin rather than in gold actually pays a specific price for the right of the government to choose which coin they shall pay in. Since the bankers get \$16,000,000 for taking the risk and the government pays that amount for having the choice, there ought to be no squirming about the paying of these bonds. If at the time of payment there is the slightest advantage

to the government in paying in silver, then there should not be a moment's hesitation about it. Silver should be paid no matter how much it is depreciated. There can be no pretense, so far as this loan is concerned, that the bondholders expected gold. No talk about "innocent investors expecting gold" should be recognized. This exaction of \$16,000,000 on the pretence that it might be paid in silver should be literally translated and they should receive silver if a farthing could be made by paying it in that metal.

AN EFFORT is being made to have a bill introduced into the New York state legislature to regulate the wages of street railroad employees, fixing the rate at two dollars per day. This is one of the many ways in which the one-sided treatment of labor disputes by corporations and the press is forcing the labor question into socialism. Fixing wages by legislation is pure fourteenth-century paternalism. The logical application of the principle of fixing wages by law, of course, is the regulation of all prices in the same way, the beginning of which has already appeared in anti-trust and interstate commerce legislation. Every step in this direction is a step towards the suppression of economic competition and the abolition of industrial and individual freedom. Nor is there really anything surprising in this. The suppression of the right of any class to use the established means of redressing grievances always results in their adopting other means for accomplishing the same end. The suppression of public meeting and public agitation in Ireland led to secret Fenianism. So, the refusal of the employing class to recognize the rights of organized labor to stand on the same economic level in all competitive undertakings with capital, naturally and inevitably tends to force laborers to seek their end by substituting legislative socialism for economic competition.

Economics in the Magazines.

BANK CREDIT.—*The Coming System of National Credit.* By A. C. Houston, in *The American Magazine of Civics* for February.

Mr. Houston proposes to constitute the government of the United States into a Pharaoh who shall buy, or store, all the products of the industry of the country as Pharaoh did, issuing its warehouse receipt for them, which warehouse receipt shall be the money of the country. This would give money only to those who have got products with which to buy the money, and it is easily observable that those who have the products, especially the agricultural products, have now no difficulty in getting the money for them, as cotton, corn, lumber, tobacco, wheat, oats, beef, pork are all not only cash articles, but cash can always be got many months in advance of their actual production by any person who can show that he is going to produce them. Our produce exchanges are constantly selling future wheat, future pork, future cotton and future corn, and paying cash for "future" products of every agricultural kind months before their production. A plan for money which proposes that the producers of these crops should wait till they get their crops in hand and ready to store in government warehouses, before they get the government's credit money for them, would be six months behind the present system under which the farmer can get his "gold" for every bushel or pound three months before it is ready to "store."

The incidental statements of fact in Mr. Houston's article are as crude as its general drift is unsophisticated. Thus he mistakes the nature and scope of the information obtained by the Secretary of the Treasury from the banks a few years ago relative to the proportion of checks and commercial paper paid through the banks by reciprocal set-off to the proportion paid over the counter in currency. The Secretary found it as 93 in country banks, and 97 in

city banks, of cancellation by set-off, to 7 in country or 3 in city, of currency payment over the counter. This is a very different thing from Mr. Austin's statement, *viz.*:

"It is now estimated from banking statistics that 97 per cent. of the business in the United States is transacted by means of credit paper."

If by credit paper both bank credit and government legal tenders are meant, then the whole of the business of the United States is so transacted.

The only fact to which the percentage applies is the ratio of payments made by cancellation to those made in currency.

Hon. Wm. M. Springer, in his speech on the Cleveland Currency bill, and numerous members of Congress have referred to this alleged fact so often that it has become trite, and needs answer.

The Secretary issued no circular of inquiry except to the banks; none to the employers of labor as to the currency in which wages of labor are paid; none to the merchants, butchers, grocers, landlords, mechanics as to the currency for which goods are retailed and living expenses of all families paid; none to the railways as to the currency in which freights and fares are paid, and so on. Hence the fact obtained by the Secretary relates to payments made through banks only. The wages bill of the country is about \$8,500,000,000 at least, and the retail trade involves a second expenditure of this sum as one of its items, and when we add rents, railroad fares and other matters in which currency is usually used, and consider that all the values represented in the wholesale trade have once been the subjects of wages payments in their production and will again be the subject of currency payments when retailed for consumption, it becomes at least possible if not probable that the grand total of currency payments may even equal or exceed the total of bank payments.

CHURCH AND LABOR.—*The Catholic Church and the Coming Social Struggle*. By Charles Robinson in *The American Magazine of Civics* for February.

Mr. Robinson has an enthusiast's faith that Pope Leo XIII. will in some masterful way solve the "Coming Social Struggle." The Pope has thus far used the labor struggle, like a shrewd ecclesiastical politician, to strengthen the Catholic Church. But his encyclicals do not say anything that renders the Catholic Church a means of service to either party to the labor dispute, except as men of mild manners and polite language always help, through a soft answer, to turn away wrath, more than those who by "grievous words stir up anger."

Pope Leo's first encyclical on the socialistic agitation denounces those who deny private property in land, and especially warns all priests against this form of socialism. Archbishop Corrigan, in obedience to this encyclical, forbade Dr. McGlynn to teach the doctrine that private property in land is to be confiscated by the single tax, and when he disobeyed the Pope's clear injunction, the Archbishop excommunicated him. This action the Pope rescinded, thereby holding that no bishop should obey the Pope's own words, and restored the offending priest to his position.

What, then, is the position of the Catholic Church under Leo as to private property in land? It is that the priest need not obey the bishops nor the Pope! What as to the other aspects of socialism? The priests may do as they please. What Pope Leo is looking after is to keep Catholics in the Church whether they desire to be socialists or capitalists. So long as they come with their spiritual grist to his ecclesiastical mill, he proposes to be strictly reticent, bi-lingual and straddling as to their relations to each other. The result of the social struggle will solve the Pope's views; for, whatever it may be, he will get on when the train moves. But his views will be the effect, not the cause, of any change that may occur.

GOVERNMENT. — *Canada's Prairie Commonwealth: a Study of Civil Government in Manitoba.* By E. V. Smalley, in *The Review of Reviews* for February. Americans will

follow with keen delight and profit Mr. Smalley's study of government in Manitoba, and will compare it with local government in our States. The essay is charmingly minute, graphic and comprehensive. In showing what the working of the Manitoba system is, it goes far toward showing what good government is like.

IRRIGATION.—*Ancient and Modern Irrigation in Egypt.* By Cope Whitehouse, in *The Engineering Magazine*. The practical importance of irrigation in our arid West makes half the area of the United States dependent upon it for its future utility. The writer's Egyptology does not agree with that of Brugsch Bey and other writers who have sought to connect existing localities in Egypt with scriptural narrative. Essays on irrigation, unlike some forms of capital, are valuable in proportion to the quantity of water they contain.

TENANTRY.—*The Decadence of Home Ownership in the United States.* By J. A. Collins, in *The American Magazine of Civics* for January. The facts of which this article complains, as if they were an impediment to the economic welfare of the country, are these:

"The census of 1890 shows that on June 1st of that year the total population was about 63,450,760, or 12,690,152 families of five members each, or an aggregate of that many homes, both owned and rented. Out of this 12,690,152 families, the number owning and occupying mortgaged homes and farms was 2,250,000, leaving 10,440,152 families occupying hired homes and farms or those they owned free of incumbrance. About 8,250,000 occupy hired homes or farms—that is, they are tenants—leaving 2,190,152 who occupy their homes free of incumbrance. This is only about 16 per cent. of the total number of families, leaving 84 per cent. of the total number as occupants of hired and mortgaged homes. As about 18 per cent. of the whole number occupy mortgaged homes, the percentage of actual tenants is about 66 per cent. But the occupant of a

mortgaged home is virtually but a tenant of the mortgagee, and we find 84 per cent. of the families of the nation are virtually tenants."

If Mr. Collins would go back a hundred years, he would reach a period when each family not only owned its home free of mortgage, but owned, also, its store, shoe-shop, factory, smith-shop, law office, newspaper, pulpit and schoolhouse, for they were all within this same free home. That condition can be found in Alaska among the natives to-day. But it did not secure greater comfort or abundance, but made life mean even to the most well-to-do. It required a month's toil of a laborer to pay for a good pair of boots.

A farm is a most costly investment of capital to a farmer who owns it, and for forty years before tenant farming came into vogue in the Eastern and Middle States, farmers who owned their farms were kept too land poor to work them as profitably as they could be worked by comparatively poor men who could put all their capital into working their farms. Hence, for half a century farms would rent for 3 per cent., while free capital was worth 6 or 7 per cent. One who can keep his \$5,000 of capital, to till his farm with, can easily control a \$20,000 farm by paying 3 per cent. on its value, and will thereby earn from 25 to 40 per cent. on his free capital. But if he invests his whole capital in land he gets only a fourth of the acres his capital would be competent to till, and pays a high rate of interest on the implement he cannot afford to own, while stripping himself of the free capital he needs to work the land.

SHIPS.—*Shall We have Free Ships?* By Edward Kemble in *The North American Review* for February. Mr. Kemble's facts are often askew and sometimes recklessly so. He says (p. 88) that Americans, for thirty years, have had no share in the ocean carrying trade. In fact, the American carrying of imports into and exports from the United

States, has declined about one-half since 1859, *viz.*: from \$465,741,381 carried in American vessels in 1859 to \$220,173,735 so carried in 1892, while the foreign carrying of imports and exports of the United States has advanced in the same period about seven-fold, *viz.*: from \$229,816,211 in 1859 to \$1,564,558,808 in 1892.

Again Mr. Kemble says: "Who has heard in years of the British government subsidizing a line of ships? This country has tried it years ago, and notwithstanding the unpleasant experience, it has recently embarked again," etc. "The scandal attending the subsidy paid to the Collins line is matter of history," etc. The impression here conveyed is that America has been generous in subsidies and Great Britain has faintly and casually resorted to it on a scale not worth mentioning.

This is an error, Mr. Kemble, "President of the Boston Chamber of Commerce," and you owe an apology to the American people for printing it over your signature. If you will turn to the tables on p. 467 of Bates's "American Marine," by the ex-Commissioner of Navigation you will perceive that since 1848 Great Britain has paid in all \$190,027,789 in subsidies and for ocean mail service, while the United States has paid only \$25,546,330 to American steamers and \$9,482,947 to foreign steamers. Foreign steamers, therefore, have received eight-fold the subsidy paid to Americans. Even in 1855 when the Collins subsidy was at its height, American lines in all were getting only \$1,936,715 of subsidy, while British steamers were getting \$5,741,633 annually. In many years the United States have paid to steamers, for carrying letters, only one-sixth of the postage they earned, making a net profit out of their services, which has gone to sustain star-routes.

SOUTHERN INDUSTRIES.—*The Cotton States and International Exposition.* By Clark Howell, editor of the *Atlanta Constitution* in *The Review of Reviews* for February. Mr. Howell writes that the Southern states occupied a position

of trivial consideration at the great World's Fair just concluded in Chicago, not through fault of the management of the Fair, but because the states of the South, encumbered by Constitutional limitations, or not appreciating in advance the magnitude of the Chicago enterprise, had failed to take advantage of the splendid opportunity presented them of displaying to the world their limitless resources. It is true a few of the Southern states were represented, but even with them the phenomenal scope of the World's Fair, with its endless variety of exhibits from all parts of the earth, minimized their effort and rendered it unsatisfactory. The article is a history of the preparations which are making for an International Exposition to be held in Atlanta this fall beginning the middle of September and continuing until the first of January, 1896.

The article points out that England sells to Japan \$14,000,000 worth of cotton goods, every pound of the materials of which come from the South, but only a fourth of the price of which is received by the South, the other three-fourths of which are paid to the English mills for the manufacture. Protectionists have been trying since 1828 to induce Southern statesmen in Congress, (they have not been allowed save in one instance to talk to the Southern people) to see this proposition in the light in which Mr. Howell now sees it. The tariff of 1828 in which it was first sought to enable the South to get the other three-fourths, was scouted throughout the South as the tariff of abominations. South Carolina proposed to go out of the Union rather than submit to a tariff which would bring American cotton mills into the South instead of cheap English cottons. The confederacy seceded in 1861 expressly to perpetuate the system of partnership under which England was to take three-fourths and the South one-fourth of the price of cotton goods. The South sends at this moment a solid delegation to Congress, pledged to perpetuate England's grip on the three-fourths and confining the South to one-fourth.

Among the Books.

Outlines of English Industrial History. By W. CUNNINGHAM, D.D., Tooke Professor of Economic Science in Kings College, London, etc., and ELLEN A. MCARTHUR, Lecturer, etc. 273 pp. New York and London: Macmillan & Co.

This admirable treatise can hardly be spoken of in too high terms of praise; our only regret in connection with it is that we have no work on American, French or German Industrial History of like merit and brevity to place beside it. It is fairer than average English works towards the legislative and international policies so long pursued by Great Britain, but which since 1846 it has become fashionable, among English economists, to attribute to the ignorance of periods which were not favored with modern intelligence. Without dissenting from the insular, local and class doctrines of the Manchester School, it yet develops the fact that the corn laws were of great service in encouraging intensive agriculture and that the efforts of the mercantilists to develop such a diversity and multitude of manufactures in England as would save their supplies of coin and extend their colonial markets, had much to do with the world-wide extension of England's foreign trade. It inspired her statesman in recent years to subordinate even domestic agriculture to its interests. In this connection we note on p. 135 the very slight error of attributing to the British restrictions upon American manufactures during the colonial period any part of the American discontent which led to the rupture. On the contrary the documentary history of the period shows that all the American leaders sanctioned the propriety of England's restrictions on colonial trade and boasted of their loyalty to this part of the compact. Even the Declaration of Independence, though a model of impetuous and rhetorical complaint, makes no allusions to these restrictions as forming any part of the grievance.

Law in a Free State. By WORDSWORTH DONISTHORPE, Barrister, etc. 312 pp. London and New York: Macmillan & Co.

Dialectics and skill in disputation, are what are taught to best advantage in this book. The author's conclusions are like vicious and balky horses. They are mettlesome and muscular, but they are in the first place hard to catch, and when caught they are good for nothing. The following may serve as a sample (p. 40):

"If we are to have short hours at a cost of a hundred million

pounds a year, as we have, and unionist quality of workmanship, as we have, we must expect that our gross receipts for work done will be less than they used to be, and will grow less and less year by year. Not volume of trade, not prices, not rate of wages, are the test of a nation's prosperity, but a high rate of general profits. This has not obtained in England since 1873. Signs are not wanting of a revival, but so long as we remain handicapped as we now are by state restrictions on labor and contract, our old commercial pre-eminence can never be regained. And the workers will go on starving."

Here are four economic fictions, *viz.*: that a high rate of general profits can exist without high wages, high prices or a large volume of trade; that gross receipts for work done are less than they used to be before hours of labor were shortened; that the quality of trade-unionist work is bad, and that shorter hours cost England one hundred million pounds a year. That short hours cost a hundred million pounds a year would be a most instructive economic fact, if true, but Mr. Rae in a most painstaking, tireless and searching analysis of the results of short hours, seems to prove that reduction of hours, so far as yet carried out, has not reduced either product, profits or earnings. Mr. Rae argues and is an economist. Mr. Donisthorpe only struts. His glittering and multicolored assumptions, as multitudinous as the so-called "eyes" in a peacock's tail, and as destitute of visual power or practical utility. Yet peacocks are admired and kept exactly for their strut. Those feathers are nature's supreme art in the decorative way, and the better to show that one excellence justifies one species without the addition of another, melody is denied to the peacock's voice. So with Mr. Donisthorpe; he has great art but no wisdom, as might be inferred from the fact that under the name individualism, he imagines that he advocates "philosophic anarchy" and in the interests of virtue and the children he proposes marriage for one year, renewable at the end of the year by registered consent.

Eight Hours for Work. By JOHN RAE. 340 pp. London: Macmillan & Co.

Mr. Rae regards it as of more value to the eight-hour cause to prove that a reduction of hours of labor to eight will so increase the working capacity as to occasion no diminution of the product, the profits, or the earnings, than it would be to concede that (conditions as to machinery, volume of capital, magnitude of force and division of labor remaining the same) the laborers will produce a fifth less in

eight hours than in ten, and that this diminished production would lay the basis for calculating that reduction of hours would increase by a fifth the aggregate number of hands employed, an effect which, under most circumstances, would eliminate the "unemployed" altogether. As Mr. Gunton, in "Wealth and Progress," had preferred the latter view, Mr. Rae's work purports to be, in a large degree, a reply to this feature of Mr. Gunton's work. While the world is indebted greatly to Mr. Rae and to his co-advocates, Mr. Mather and the Salford Iron Works, for the brilliant and masterly array of coincidences they have afforded or cited in which the reduction of hours was not followed by any reduction whatever in product, profits or earnings, and while this has helped to show that the employer will not lose by the eight-hour principle, it may be doubted, on the whole, if more hearts would not have been made happy in these instances if there had, in fact, been less product, a loss of profits, but a decisive absorption into the ranks of industry of the whole or even of half of the unemployed. The eight-hour law is not proposed in the interest of product or of profits, or of the master in any form, but wholly in that of the wage-worker.

We are duly grateful, therefore, to Mr. Rae, in that, while he claims a different result, he concedes the tendency. For, on p. 267, in discussing the reduction of hours by the bakers of Melbourne in 1882-3, first from fifteen hours to ten and then almost immediately to eight, Mr. Rae finds it is not a little remarkable that the reduction occurred "without putting a farthing on the price of the loaf, without losing a sixpence of wages, and without *providing room for more than half* the unemployed bakers in the city." If it provided room for half the unemployed this was a boon which made the eight-hour law far dearer to them than it could be to those to whom it gave only leisure, but not a living.

The tendency thus admitted, it is worth noting that, notwithstanding the great care Mr. Rae displays in searching the world over for the one fact—whether wages, or product, or profits was lessened, he loses his assiduity before encumbering our attention with the intricate inquiry whether the volume of capital in connection with which the laborer worked, the quality of machinery, or the magnitude of the force employed and consequent increased division of labor practised, let in any collateral economies? Mr. Rae cites the years 1847 to 1850 in England to prove that shortening hours to ten did not then absorb an additional volume of unemployed wage-workers,

and he permits us to know that the years thus selected were years of crisis. But he does not state the quality of the crisis occurring between those years as vigorously as Sir Archibald Alison, who was a witness of it, described it in 1849. He said:* "It is well known that, during that short period (since 1847), one-half of the wealth realized and in course of realization in Manchester, Liverpool, Birmingham and Glasgow has perished. There is no man practically acquainted with these cities who will dispute the fact."

Is it satisfactory to compare (p. 182) the total number of factory operatives employed in 1847 with that employed in 1850, and complain that "the whole increase from all causes together, since the previous factory census of 1847 was only 51,206—*not much more than half the number Mr. Gunton would have anticipated?*"

Had Mr. Gunton authorized the selection of two years for comparison, one of which closed a period of inflation and introduced one of catastrophe, and the other of which marked the first steps of recovery from the wreck, as a test of the efficiency of a shorter hour law to increase the number that can be employed?

However, it is sufficient that Mr. Rae concedes the tendency, though reluctantly and furtively. We are not sticklers for the details.

*Alison's Essays, Vol. 1., p. 535.

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GEORGE GUNTON, EDITOR.

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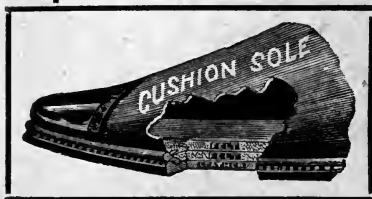


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SOCIAL ECONOMIST

APRIL, 1895

The Past and Coming Congresses.

No election in our history retired so many Congressmen who had shown themselves crude in spite of experience, and substituted so many new men who must be crude for lack of experience, as the great election of 1894. The material interests of all our people are suffering severely because we are virtually without a government, adrift and on the seas of anarchy and accident as respects money, banking, irrigation, annexation, protection and reciprocity, labor and state socialism, and on foreign affairs. As issues multiply, statesmanship declines. Each Congress costs more and knows less than its predecessor. Hence, as Congress succeeds Congress, we naturally inquire what kind of a swap have we made. Taking up the names of those whom the whirlwind of popular disgust retired in November last, few are more respectably commonplace than Holman of Indiana—a nibbling, cheese-paring, pin-hole sort of economist, intent only on cutting down appropriations. It was Judas Iscariot who knew only one style of economy, *viz.*: to stop the waste of the oil which Mary would pour on the Saviour's feet and sell it and give the price to the poor. This narrow-gauge policy made the Pennsylvania farmers in 1777 grudge the cost of war, the New York farmers in 1820 grudge the cost of the Erie Canal, and the Virginia farmers in 1795 too stingy to heed the costly plans of Washington for uniting the Ohio valley to the ocean by a canal through Virginia, which would have kept Virginia the foremost state in the Union. Civiliza-

tion owes little to this type of statesmen of any period. Hence Holman can well be spared. The dearest man is he who sacrifices every divine idea to some penurious substitute. Springer's genius partook of the elasticity of his name. His mission was to bend elastically under every pressure, whether it came from above or below, and avoid a "bounce" to those who depended on him for an easy ride. There will be plenty of men always willing to be the mouth-pieces of power, to "crook the pregnant hinges of the knee that thrift may follow fawning." Bland, though a man of long experience, honest purpose and good courage, shed but little effective light on the monetary questions with which his name is identified. Fog had for him the solidity of land ahead. "Cheap money" was the same to him, whether it meant Confederate fiat notes of which it would require a bushel to buy a breakfast, or cheap facilities for lending money whereby rates of interest would be brought down from 20 to 4 per cent. Hence he would vote for the former to get the latter. Bland, therefore, meant well, yet the popular instinct was right. He can well be spared. He was anchored to the fog.

Wilson's faults were superficiality and sophomorphism. He toiled for legislative "diplomas" and credit marks, but lacked "horse-sense." What effect a tariff would have on the country was made irrelevant to Wilson by his theory that it was not the business of a government to look after popular welfare. Would a given rate of duty give freer admission to competing foreign goods? If so, let the domestic producer stand from under. This, if we may borrow the somewhat emphatic rhetoric of Job, was the "east wind in [Wilson's] belly." And so he stands aside.

M. D. Harter thought the word "globe" expressed the trigonometrical attributes of a coin. He therefore introduced a bill to coin silver into "globes" or spheres. He did not mean it as a joke; he was serious, but a little off on form.

Tom L. Johnson makes pig-iron by the million tons and political economy by the molecule. As the paschal lamb of the single tax movement, his heavy annual fleece is an acceptable offering. It helps abolish the poverty of those who grow poor in the effort to abolish poverty.

Bryan of Nebraska, like many inland orators, is not only fond of hearing "what the wild waves are saying," but of repeating it as his own. In fluency and foam, he is like the surf at Nantucket—just as incessant and as instructive.

Ohio retires Outhwaite, a chip on the Cleveland tide. Lafe Pence, in pensive mood, his career as a statesman untimely nipped in the bud, goes home reciting the celebrated elegy on an infant:

" Since thus early I am done for,
I wonder what I was begun for."

Jerry Simpson has not exceeded, in his economic vagaries, the standard of grass-hopper politics to which a country without a rainful or an oasis, or irrigation, or shade, might be expected to rise. The proper source of revenue in certain parts of Kansas is the savings banks of Massachusetts and the farm mortgage companies. If money cannot be got from these, where can it come from unless Congress prints it?

Mr. Bynum of Indiana was an economist like Holman.

Breckinridge, one of the few men who could, by contrast with himself, make pitch seem to be pea-green, Raynor, O'Neil, Everett, the shadow of a great name, Stevens, Hatch, Bourke Cockran, Lockwood, Sibley and Kilgore—what an extended procession of wounded statesmen, borne away on the shutter of a shattered popularity! Their retirement savors of the uncourteous, physical and compulsory, such as is visited upon a mule when his immobility is rudely questioned by a freight train.

The late Congress tried to regard the President's kicks as leadership, his ignorance as strategy and his contempt as honesty. It has struck down the revenues when

he ordered it, and has turned pale at the result when he turned pale.

Though it believed in silver and hated debt, it has echoed his desire to confine the country to gold as a currency, and has passed his measures for making any stay of gold in the country dependent on a free coinage of bonds. Its members go out of office empty handed, unable to get the offices which they expected as the wage of their subserviency, because their subserviency has been insincere and the offices must be economized for future corruption.

Though the last Republican or "Reed" Congress was widely assailed as the "Billion-Dollar Congress" its appropriations fell short of a billion by twelve millions. On the contrary the first Crisp Congress, though elected expressly to show that Democrats could reverse billionism, passed the billion mark—its appropriations being \$1,027,000,000. The Congress just adjourned, by its work so depressed prices and values that the purchasing power of a dollar was made very high. It cut off \$40,000,000 from pensions and voted one good pension to a rebel for costs incurred in fighting against the Union. Yet it rolled up a grand total of appropriations exceeding a billion by fifteen millions. Of course nobody expected broad constructive work, such as the creation of a banking system adequate to our industrial needs, or the restoration of the American merchant marine on the ocean, or the irrigation of our arid lands so as to fertilize an American desert nearly as large as Sahara itself, or the increased diversification of our industries and larger avenues for labor.

On the contrary it has offered up as a sacrifice to a fetich a great Southern industry, *viz.*, the Louisiana sugar production. In this step it ruins a state, which had been almost slavish in its devotion to Bourbon fetiches. By doubling the importations of cotton goods in five months, it sounds the knell to any further advance of the New South in cotton manufactures. The standard of Republicanism

is by these events unfurled in two sections of the South: in Louisiana, and also in the new manufacturing section which centers in Atlanta, Ga., Birmingham, Ala., and Chattanooga, Tennessee. It will demand to be "counted" in 1896. Florida is rapidly passing under the progressive influences of Northern capital. A strong current of industrial progress marks three of the most central Southern states. The "solid South," as a block of electoral votes committed to every retrogressive and mediæval policy, is no longer a fact. Details will need to be worked out, but the South is opening up to political discussion.

Turning to the one hundred and fifty-nine new members of Congress who were swept in at the great tidal wave of 1894: all but three or four of them are Republicans. Probably the congressional districts from which every one of them was elected contained scores of men of as good parts and of greater political experience. The influences which have helped to send these men to the coming Congress are seldom those which would fit them to perform their duties while in Congress. Among the Republicans we find Cyrus A. Sulloway, of the first New Hampshire district, is described as "very tall and heavy, wears Peffer whiskers, has practised law in Manchester thirty-one years, has been a greenbacker, Democrat and Republican, and several times represented his district in the state legislature." Not so bad! Sulloway might have studied economics and finance, taxation and revenues, in his leisure hours between terms. Who knows but he can tell a direct tax from an indirect! Moreover "Mr. Sulloway was formerly a rapid liver and expert at the game of poker." No harm done! Henry Clay, Lincoln, Ben Wade, Logan, Thad Stevens, were all poker players, yet were well up in good politics, too. But the description proceeds: "Ten years ago he become converted and joined the Salvation Army. His tall form was often seen walking in their processions, and his strong voice heard chanting their tunes. About a year ago he made a profound sensation by marrying Mattie B. Webster, a salvation lassie."

This "gives us pause." Whether 'twere nobler in Washington society to admit a Salvation Army lassie and to hear an Army singer addressing Congress on finance! Andrew Jackson and Jefferson Davis have brought to saintship in Washington a dubious glamour of the terrible. But possibly the Sulloway tact and versatility may enable him to enter Congress a McCosh evolutionist, a Briggsite apostle of the higher criticism, or even a Spencerian materialist.

A needed set-off to the Sulloway influence will be Mr. Henry C. Miner, who first "toured the country" as business manager for a medical lecturer, and now owns five theatres and is more than a millionaire. He will sit for the New York ninth.

William Alden Smith, Republican, of the Fifth Michigan District, began life at twelve years of age as cash-boy in a dry-goods store, and soon after sold popcorn and newspapers on the streets. He was a page in the Michigan House, studied law, is a good speaker and knows everybody. Of course he is a hustler, and his ability to represent people must be very considerable.

The Sixth Virginia District (Lynchburg) sends Peter J. Otey, Democrat, who at eighteen years of age was in the corps of cadets sent to repel the John Brown invasion. He served with the Confederate army throughout the War, and carries a considerable weight of Federal lead.

Vespasian Warner, Republican, of the Thirteenth District of Illinois, is a graduate of the War for the Union, and also of the law department of Harvard University.

Col. George B. McClellan, of the Twelfth New York District, was born in the year 1865, and has been Treasurer of the Brooklyn Bridge and President of the Board of Aldermen. He enjoys the inherited capital of his father's political availability, with the like share of that personal tact which caused McClellan to be selected for great undertakings and given great opportunities.

All new members in the Fifty-fourth Congress will be

without national reputation, and nearly all will be men without state experience as legislators. A number of them have well-earned fame as veterans of inferior rank. A few have become known beyond their districts as business men, teachers or campaign speakers. The great majority of them are respectable and successful men of superior judgment in money-making by commercial and professional methods. Ability to afford a liberal contribution toward the expenses of the campaign managers is still a *sine qua non* in practical politics. Few of them have given any real study to economics, politics, finance or statesmanship. In many districts they could not have been nominated or elected to Congress if they had. The effect of becoming a specialist in these studies is sometimes to familiarize them with methods and principles which are unfamiliar to the masses of the people, and sometimes to induce them to form judgments which are even less wise than those of the masses. In either case they respect that which the people despise, which is an encumbrance that no politician can carry. Few of them look forward to a political career as a permanent lifework. It is a crowning incident and consequence of their success in business. They would deeply resent the suggestion that it requires either special knowledge of history, law, legislation or science. In some men it does not.

About five hundred out of the six hundred members of the British House of Commons are equally superficial. Sixty are as many as leave any individual impress on legislative work. The remainder vote, when summoned, for the policies of their party leader, whether government or opposition. The disparity in influence between the noted and the ordinary members of the British legislature is greater than in the American Congress, the principle of party leadership being more developed by the English system than by ours. The presence, in one or the other house of Parliament, of all the members of the Cabinet, and the principle that the initiative in legislation is with the

administration, supplies an official leadership which protects mediocrity from exposure. Our committee system, however, proves nearly as favorable as the English system to the utilization of the services of every sort of good business talent the two houses may possess, whether it is brilliant in debate or not.

With all the power of Congress to absorb and utilize mediocrity, legislation would be greatly cheapened and made more useful if it were brought more under the power of specialists trained and educated in the chief branches of knowledge bearing on it, as is done in the military art. We have a West Point for soldiers, but none for statesmen! Perhaps it would be difficult to get the teachers for one.

The absence among Congressmen newly elected of any such specialized class, floods our Congressional debates with charlatanism and crudities which were better got rid of in some cheaper school. It of necessity limits Congress at most periods to the wholly inadequate function of acting as a check on the executive. It tempts the executive branch of the government to assume to dictate policies, between which and corruption is only a nominal remove. The Republican theory that the executive shall obey and execute the will of the legislative branch, implies greater intelligence in the legislative body than has usually prevailed.

The mediocrity of the last Congress has thrown the equal mediocrity of the President into strong relief. The latter was emphasized with a singleness of purpose which did duty in lieu of clearness of intellect. It was enforced by an energy of will which, pitted against divided counsels, gave its possessor an appearance of courage when he was the man chiefly scared. It may even surround him with the halo of patriotism for hiving the swarm of troubles which only his previous blunders had set in motion.

The next Congress will be a body of men, very few of whom will share the opinions which dominated the last

Congress. Its spirit will be new, fresh, enterprising and Northern. It will not submit with grace to any attempt to exercise authority over it through patronage. The suggestions coming from the administration to such a body will hardly be worth the cost of government printing. It will initiate its own measures. The Senate will differ from the House, and both will differ from the President on all fundamental questions. The prospect is, therefore, that a great deal will be said for two years more. How much will be done?

British Wheat Production Under Free Trade.

Robert P. Porter publishes in the *Sun*, from the pen of Mr. R. F. Crawford, the statistician of the Agricultural Department of the Board of Trade, a paper showing that in the twenty-nine years from 1864 to 1893 the wheat produced in the United Kingdom declined from 122,583,088 bushels in 1864 to 67,717,160 bushels in 1893. Mr. Tooke, in his great work on prices, shows that the average home crop prior to 1799 had been 8,000,000 quarters or 64,000,000 bushels of wheat only, and 32,000,000 quarters (256,000,000 bushels) of corn of all sorts. Hence the United Kingdom, at a time when it has 38,000,000 people, has returned to the domestic wheat crop which it raised when it had, by estimate, twelve millions of people. In this period its importation of wheat alone has risen from the zero point, which it held until 1846, of being, as often an exporter as an importer of wheat, up to 53,393,000 bushels in 1864 and 171,536,000 bushels in 1894. Its total supply per capita continues so uniform during all this change in the source of supply that it has been in no year less than 5.06 bushels and in no year more than 6.17 bushels per head. In every year from 1864 to 1890 it was more than five and less than six bushels per head, but the source of its supply changed in that period from being 30.34 per cent. foreign to being 71.69 per cent. foreign.

Upon figures furnished by the economists McCulloch and Caird, the decline of acreage applied to the cultivation of wheat in Great Britain was from 3,750,000 acres planted in 1852 (after five years of free importation of corn), to 2,453,000 acres in 1868, being a steady decline of 81,063 acres per year. And now the statistician of the Board of Trade reports a decline in the domestic product between 1864 and 1894 of 54,865,928 bushels, being at the rate of 2,032,071 bushels per year. As the average product per acre in England is from 35 to 54 bushels, this means a decline of, at least, 58,058 acres per year from wheat production for twenty-nine years past. If the rate of decline maintained from 1852 to 1864, according to McCulloch and Caird, had been steadily continued, the last bushel of wheat produced in England would have been in 1899. At the rate of decline furnished by Mr. Crawford, England will not cease to produce wheat until thirty-three years from 1894, or say 1927.

If now we assume that instead of driving wheat culture out of the kingdom, by withdrawing the protective duties on corn in 1846, the policy had been pursued of reclaiming and fertilizing some small quantity of new wheat lands each year in addition to the old, the effect would have been as follows: To maintain 45,000,000 people in 1927, at 6 bushels of wheat annually per head, from the 3,750,000 acres of land which were wheat-producing in 1852, would require that the land should produce 72 bushels of wheat per acre. But if we suppose new lands in the United Kingdom to be brought under wheat production at a rate not faster than they were so brought between 1799 and 1864, as would probably have been the case had the protectionist policy been continued, then the result would be as follows: The 64,000,000 bushels of wheat produced in 1799 were produced before the age of fertilizers, and probably at a rate of about 24 bushels per acre, which would require 2,666,666 acres to wheat. On this basis the period of 53 years from 1799 to 1852 witnessed an expansion of

only about 1,100,000 acres, which would be much below the truth. A like expansion from 1852 to 1905 would give an increased production of 169,250,000 bushels over the product of 1852, which is almost identical with the total average quantity of foreign wheat imported in the years 1891-3, *viz.*: 171,536,408 bushels. The same rate of increase, together with the increase of product per acre made since 1800, would, if continued to 1927, supply every resident of the British Islands with his full six bushels per wheat. But it may be said the lands for such an increase do not exist in the kingdom. Unfortunately for this assumption they do, and it would be as easy for fifty years to come to increase the wheat production of England, Ireland and Scotland by from 50,000 to 80,000 acres per year as to reduce it. These facts show that it is quite within the scope of legislative power to effect by the withdrawal of productive duties a complete substitution of the foreign supply for the domestic supply without increasing in any degree the per capita consumption of the product, and without changing the general equivalence of price in the domestic market with that in the foreign market.

Great Britain's price for May wheat in Liverpool to-day is 75 cents per bushel against 60 cents in Chicago, Odessa, Bombay or Buenos Ayres. In Paris, Berlin or Vienna the price is enough lower than in Liverpool to pay the freight to that point. Hence "free corn" leaves Great Britain to pay the highest price extant on her breadstuffs, a fact which is indicated by her wholesale adulteration of bread with potatoes and beans which occurs nowhere else in the world. In all protective countries bread, being usually made of flour, is a few cents dearer per pound than flour. But in England, especially in London, the current price for bread drops below the price of flour because cheaper substances are used in making it. In current English cook-books in the recipes for making doughnuts, at the point where an American cook would use flour, the British cook-book prescribes "two pounds of well-boiled potatoes." This is because

bread is made a luxury by cessation in the domestic production of wheat.

If the five years preceding the repeal are compared with the eleven years after the repeal of protection to British farmers, the result shows an actual rise in prices. The average for the five years preceding 1846 was 54s. 11 2-5d. per quarter. In 1846 it was 54s. 8d., and for the eleven years following 1846 it was 55s. 5¼., being 8d. higher average for the eleven years following 1846 (the year of repeal) than for the five years before it. In short, it was not until the years 1867-9, when the system of large wheat farming had got into full play in the United States, twenty-one years after the repeal of the Corn Laws, that the price of wheat in England passed to an average permanently lower than had prevailed at the period from 1820 to 1846 when the United Kingdom produced all its own wheat and exported in nearly as many years as it imported. Among its years of export of wheat to the United States were 1839 and 1859, both of which, by a noted coincidence, marked the close of two rather distressful periods of democratic finance, wildcat banks and free-trade catastrophe. According to the current history of both periods the presidents of the United States were found shinning among the brokers with treasurer's certificates for their quarterly salary, trying to get them cashed.

High Wages in the United States.*

EMILE WAXWEILER.

Among the conditions controlling the industrial economy of the United States, high wages seems to be the most prominent; for business men and for students the dearness of labor most noticeably marks the difference in the industrial organization of the new world.

* Translated from the "Revue Sociale et Politique," 1894. No. 4. By Prof. A. B. Woodford, Ph. D., of the School of Social Economics, N. Y.

It is difficult to determine exactly the difference between the European and the American wage; but one can estimate the average rate of wages nominally paid in different industrial countries. The most rational estimate seems to us to be that of M. Gould, lecturer in Johns Hopkins University.*

According to him daily wages are \$1.25 in the United States, 87 cents in England, 60 cents in France, 50 cents in Germany and Belgium.

The same differences existed in 1825. This is shown by the following table of wages in different occupations:

TRADE.	United States.	England.	France.
Porter.....	Fr. 5.00	Fr. 3.85	Fr. 2.00
Carpenter.....	7.28	5.04	3.38
Mason.....	8.32	5.72	3.64
Machinist and blacksmith.....	7.80	7.78	4.78
Woollen spinner.....	5.61	4.91	2.40
Cotton spinner.....	5.84	5.24	4.42
Hand weaver.....	4.68	3.85	2.26
Women in cotton industry.....	13.00	8.85	1.72
Women in woollen industry...	13.00	7.80	1.72

From this we may infer that the high level of American wages is due to fundamental causes which can only be found by studying the period of industrial beginnings in the United States and by eliminating the influences which have subsequently become manifest.

In every economic phenomenon relating to wages there are two elements to consider: the employee who asks wages and the employer who gives them. If, consequently, wages are higher in one country than in another, it is because the wage-earner there shows himself more able to obtain and hold his full share of the product, and because the capitalist employer is there in a condition to consent to give it to him.

To look for the causes of high wages in the United

* Recently appointed Professor of Statistics in the Chicago University.

States is, consequently, to look for the causes which have made laborers quick to recognize and skilful in defending their interests; or, better, it is to look for the causes which have favored in him the development of that natural instinct toward better living which constitutes the truly economic motive for action (mobile). At the same time we study the conditions which have permitted manufacturers in that country to give a higher remuneration for labor.

CAUSES RELATING TO THE EMPLOYEE.

The energetic and audacious temperament of the colonist emigrating to a new country; the spirit of order, of enterprise, and of perseverance which belonged to the Puritans of New England and which has remained one of the dominating qualities of the nation; the influence of a system of education which lasts through life; the permeating influence of a superior social organization, every piece of whose machinery helps to insure a full development of individuality—such must have been the first elements of the moral superiority of American laborers. That it has been possible for him to use this superiority as a means of getting a higher return for his labor, is due to the fact of a peculiarly favorable economic environment: on the one hand colonization and the continuous development of industry made the offer of work greater than the demand; on the other hand, the wide strips of free land offered the agricultural laborer high wages, and even the independent existence of a proprietor.

CAUSES RELATING TO THE EMPLOYER.

The same causes which occasioned a moral superiority in the laborer have made the economic superiority of the employer possible; profitable enterprises were general, in the midst of immense natural wealth and in the presence of a market which was increasing indefinitely; keen rivalry eliminated the incapable entrepreneurs and assured the survival of the fittest; local competition was relatively weak, as the centers of similar industries were far apart.

and railroad rates very high and foreign competition was prevented by tariff duties—all these conditions guaranteed to the employer sufficiently large profits to enable him to accept the demands of laborers.

A certain number of these causes have disappeared to-day. The reports of the General Land-Office show, for instance, that the unsold public lands have become of little importance; as for the offer of work, far from exceeding the demand, it is to-day inferior to it. M. Carroll D. Wright thinks, indeed, that if the actual current of immigration is maintained, there will be each year an excess of about 40,000 individuals.

INTRODUCTION.

American manufactures did not become important until after the Civil War. The victory of Northern protectionists over the slave planters of the South marked the advent of a bourgeoisie. From that moment the aspect of the United States was changed. Surrounded by insuperable tariff barriers, American producers have been gradually able to overcome competition with the Old World and at the same time to assure themselves of the possession of their national market, the richest and widest in the world. At the same time the free lands accessible to emigrants became less and less numerous, and the extension of means of communication have completely changed the economic development. In 1860 the United States was still an agricultural country: to-day they are the leading industrial nation of the world. The general conditions of its national economy are rapidly becoming like those of Europe, the creation of foreign markets being daily more necessary to a national industry which is paralyzed with a power of production far surpassing the actual capacity of the people for consumption.

Nearly all industrial establishments are built on a large scale. On the one hand an extreme specialization of labor has been developed as a consequence of the wide market; on the other hand the unheard-of development

of machinery has produced its necessary consequence,—the concentration of the means of production. The tendency is rapidly increasing. Everything is done by machinery in the United States. “Machines can do everything except talk,” said the laborer. And it is no longer a question simply of aiding man: the principal of self-action may truly be said to animate the machine which moves itself, stops and starts itself. The use of machinery which in France is confined to the minor details, in America is extended to the production of the entire product; as, for instance, in the manufacture of doors, windows, blinds and even houses. This process presupposes wide markets, and the machines are consequently divided into many parts, each of which produces separately a great number of articles.

The administrative organization of the factory is no less carefully studied than is the machinery itself. Each branch of the enterprise is conducted independently of the others and constitutes a department, at the head of which stands the superintendent; around him is a staff of employees directed in different brigades by the foreman; from top to bottom each has exact work to do. Hence the possibility of truly economic administration.

The number of establishments which endeavor to ameliorate the hygienic condition and provide for the comfort of their employees is much larger in the United States than in Europe. It is not rare to find in Massachusetts, factories with a very pleasing aspect. In front of the factory is a lawn and rows of trees; light penetrates the building through large windows; the walls are of a striking white, pulleys are painted yellow, and all metal parts of the machines in red; the floor is smooth, the staircase neatly swept, workmen and work-women have the most comfortable accommodations; cloak and toilet rooms are often constructed with a care almost luxurious; in a word everything indicates order and neatness.

The attitude of employers toward their laborers is in-

fluenced more and more by the special conditions of the country where the social quality is so well recognized that the manufacturer will first salute his employee, and that one may see prominent manufacturers like the Pillsbury Brothers at Minneapolis, in a letter which they address to their laborers, close with the formula: "and believe us, Yours very devotedly."

If some manufacturers have practised and still practise the truck system of wages and the renting of houses to their laborers, they no longer impose the horrible conditions which were known in England at the beginning of the century; nor do they dream of playing the role of fathers of the family, according to the precepts of the patriarchal system, in which employers agree to take care of the interests of their employees on the condition that they shall renounce the right of defending themselves. The spirit of American democracy opposes everything which tends to limit independence of laborers.

As a consequence of this influence a larger and larger number of employers are recognizing labor organizations and negotiate with them, accepting arbitration and conciliation. "It is better," said one of the leading cotton manufacturers of Massachusetts, "to have to deal with a body of thoroughly organized laborers than with an undisciplined crowd." In many important establishments employers push this theory so far that they will only employ trade-unionists.

In studying the effects of high wages in America, the first point to consider is whether they raise correspondingly the cost of production. An accurate answer to this question can be given from the tables contained in the reports of the Department of Labor in 1888. An examination of these papers shows that high wages in the United States have not made production dear—a relation between wages and cost which is by no means new in economic science, Arthur Young having announced it as early as 1790, after his travels in France and England. Superior productivity

must be due to the fact that machines play a more important role, or that the laborer expends more productive force. * * * The tables relating to consumption show that the American laborers are incomparably better fed than those of Europe; and that the American laborer spends a smaller proportion of his total income in feeding his family than do his competitors. From which it follows that the American laborer can devote a relatively larger part of his income to expenses of a "personal order"—rent, heat, light, clothing—and of a social nature. The comparative table, showing the expenses for charity and religion, for life insurance, for books and papers, for tobacco, drinks and amusement, shows that the American laborer spends relatively less for hurtful and more for useful things than his European brother; that is, that he leads an infinitely superior social life.

The only explanation of the fact that the American laborer is able to practise more trades, to watch more spindles, to produce more tons of steel, to extract more tons of coal—in a word to work more and better than the European laborer, is that he is materially, morally and intellectually superior. Who does not, indeed, see that it is nothing but high wages that has made it possible for the laborer to meet all the expenses which we have just enumerated and thus to adopt a higher standard in life?

High wages have acted in another way upon production. It is the laboring population of the United States which really forms the market for the production of that country. And nothing can exercise so powerful an influence upon the conduct of industrial enterprises; because if it is true, as we have shown, that the employer finds himself forced to replace human labor by means of capital (machines), it is no less certain that the possession of the market offering a sale for his goods remains for him a condition of every industrial change.

High wages have been equally effective in developing industry through the augmentation of the power of the consumption on the part of the masses.

The effect of high wages on the economic policy of employees is most important, because the higher the degree of comfort to which man has risen, the more ready is he to strive to maintain it and the more anxious to raise it farther. Hence we find American laborers strongly resisting every attempt to reduce wages, and seeking in every way to raise them. One of the most interesting manifestations of the determination of laborers not to let labor be degraded, is found in the movement against immigration, whose aim is opposition to the social degradation of labor rather than to the numerical competition of laborers.

Another proof of the determination of American laborers to take advantage of every favorable circumstance for raising wages, is found in the statistics of strikes from 1881 to 1886 prepared by the Department of Labor. But a more significant symptom is the character of the movement for the reduction of the hours of labor; since this movement, in truth, aims at ultimately raising wages, the American Federation of Labor having adopted the motto:

“ Whether we work by the piece or the day,
Diminishing the hours increases the pay.”

Before concluding, two remarks should be made. The immense majority of American manufacturers are either ignorant of, or fail to appreciate, the effect of high wages upon industry. But if they put into execution their projects to reduce wages, they will inevitably run against opposition which is strong because it is rational. The second remark that seems to us opportune, relates to the actual cause of high wages in America. We have already noticed the original cause of this phenomenon, to which are added, on the side of the employer, the productivity of labor.

But we should not attribute the principal merit of high wages to the manufacturer, or to the tariff, or to any other cause than the laborer himself; he will not work for a lower wage than will permit him to preserve his social rank. A permanent decline, bringing wages in the United

States to a level with those in Europe, is an economic and social impossibility. * *

High wages are a means to economic and social progress. The future transformation of the social order must therefore give us employers who recognize that their profit lies in hiring laborers of a superior order, give us laborers who are conscious of the emancipating power of their voluntary association, and give us directly classes who are willing to accord to laborers, by legislation and by custom, that which is their due. Thus alone can England and the United States, the nations in which high wages are paid, preserve their mission in civilization. It is not to peoples who tolerate the thralldom of poverty that the hegemony of the world belongs.

[While the statesmen of France and their more elaborate historians and profound publicists have maintained protection as the national policy of that country, there has been a tendency of the economic pedagogues and collegiate sophists to follow Say, Bastiat and the English school. This difference is happily expressed in the saying of Napoleon: "If an empire were made of adamant the economists would grind it to powder." M. Maxweiler feels it incumbent on himself to guard against attributing any influential part in sustaining American wages to protection by tariffs, and his presentation of the degree in which capital and especially machinery, as employed in transportation and in agriculture, goes to create the American wage-rate, is much below the fact.—ED. SOCIAL ECON.]

English Drift Toward Municipal Socialism.*

In discussing the government of cities in Great Britain, Dr. Shaw is not obliged, as he would be in America, or at least in New York City, to describe the political ma-

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chine, the Tammany Hall or the "Good Government Clubs," "Moral Revolution," "Committee of Seventy," "County Committee," "Big Four," "Tom Platt" or other political bank for stacking, massing and consolidating the voters, which is necessary under a system of manhood suffrage combined with great slum vitality, to hoist the city government into power. Behind all Democratic kings is the king-maker or "Warwick," the power that moves the mob to vote. Dr. Shaw shows that English cities have not yet reached the democratic stage of being ruled by "slum kings" of the order of Tweed, Croker, Fernando Wood and Mike McDonald. They have as yet no grand "vote-stacking bank" which capitalizes into one solid organization three-fourths of the votes of a city, and through this capitalization, sells the nominations to judicial, administrative and executive office for from \$10,000 to \$25,000 each, first raising the salaries to a point which will stand this assessment. Dr. Shaw says (p. 45):

"The exploitation of the votes of the ignorant, vicious and indifferent in English cities by demagogues or party agents is so extremely difficult that it does not count for anything at all in election results. The extraordinarily severe laws against bribery, direct and indirect, apply to municipal elections; and it is next to impossible to get a British voter to the polls who does not contemplate the contest with some glimmering of interest and intelligence. In Scotch towns the slums do not vote because they evade the rate collector and are not registered. In English towns, although registered by canvassers, they do not care about voting, and are a neglected field, so far as political missionary work goes. The organized workingmen vote, and they seem to vote with more intelligent and distinct purpose than any other class in the community."

This reveals that the whole art of governing cities though their slums, so as to mass all the power and patronage of a city into a form in which it can be bought and sold like real estate, mortgaged, taxed and speculated in, like

stocks, has never been discovered by our slow English cousins. No De Tocqueville, Guizot or Bryce is needed to peer behind the forms in order to penetrate the substance of city government in Europe. The real power lies in every instance where the statute, blue-book and manual of committees places it, in the officer entrusted to perform a municipal duty. The nominal or legal power of the official is vested in him by the vote of people or council, without the intermediary agency of a machine. What simplicity of structure!

The voters vote only for members of the town council, and the "councilors" (aldermen, p. 53) "as a rule are representatives of the best elements of business life"; not of the aristocracy of landowners or "quality," in the social sense, but of the tradesmen and manufacturers. Hence "to be a member of an English town council is to hold a position of honor—a position which no man affects to despise."

On the contrary it is one of the peculiar proofs of the final inutility of binding necklaces of pearls around swine that to be an alderman in New York, Philadelphia or Chicago has been for fifty years a position of dishonor—a position which no man, low or high, affects to respect. Dr. Shaw does not make these comparisons. Indeed, his work makes few comparisons except between one English, or European, town and another. But his text leads those who feel the contact of a different environment to make their own comparisons.

The mayor until 1882 was elected by and from among the aldermen or councilors, but the Act of 1882 opens the mayoralty to "any of the class" of citizens who are qualified for aldermen (p. 58); he is still elected by the Council, and usually from among those who have had most experience as aldermen. Dr. Shaw does not mention the fact that pecuniary insolvency incapacitates a person from the aldermanic rank, and if he is in that office, retires him to private life. This is true either as a matter of statute or

custom, and in either case presents a significant point of contrast between the English and American alderman, the latter being generally solvent only when he has been several years an alderman.

“When the mayor’s term in the chair is over” (p. 60) “he usually goes right on with his duties as alderman, probably continuing at the head of the committee for the work in which he is best qualified. Thus there were, at a time when I inquired into the matter, at least half a dozen ex-mayors in the aldermanic rank of the Manchester Council; and all the mayors that Birmingham had had for twenty years remained in the town Council with four exceptions,” three of which were promotions to Parliament; and these exceptions were offset by two ex-mayors of earlier date who still served as aldermen.

“The English law obliges the council itself to appoint its own committees” (p. 61), which vastly lessens the authority which, under our system, the mayor would have as the mere presiding officer of the council.

In our American system, on the contrary, the mayor has been exalted into a sort of city president, king or Cæsar, who has far more power than the entire Council, including the power for nearly all purposes to minimize the Council into a cipher. This shows how certainly the degradation of the suffrage to the slums, and the consequent exaltation of the slums to supposed power, really minimizes the power of the whole people, including even the slum class itself, by centering all power in a single despot.

The Council appoints also the town clerk, “who is the most important official in an English municipal corporation” (p. 64), and the treasurer, who is “the only other officer which the Municipal Corporations Act requires all town councils to appoint.” Neither of these two officers can be a member of the Council, nor hold the office of the other.

Out of this simplicity of organization develops a series

of city governments, all of which seem to study the public interest. Glasgow, Manchester, Birmingham and London are made the subject of distinct analytical chapters, with the general effect of showing that their excellence in government is comparative among themselves, but very positive indeed in most respects.

There is a stronger tendency toward collectivism in all these cities than in American towns. Glasgow has made itself a port by its own enterprise in deepening the Clyde. Its council of 75 members resolves itself, by authority of various acts of Parliament (p. 79), into committees, one of which become the water commissioners, another the gas trustees, a third the market and slaughter-house commissioners, a fourth are trustees of parks and galleries, a fifth are city improvement trustees and a sixth are police commissioners. Thus the Council, instead of being "zeroed" by having all the executive functions devolved on independent boards outside of itself, is itself the grand total of all the governing boards of the city merged into one deliberative and legislative body.

In 1881, 247 per cent. of the inhabitants of Glasgow lived in houses of one apartment [room], 45 per cent. in houses of two apartments [rooms], 16 per cent. in houses of three apartments [rooms], 6 per cent. in houses of four apartments [rooms] and only 8 per cent. in houses of five apartments and upward.

The proportion in Glasgow of families who live in apartments which make a distinction between parlor, dining-room and kitchen possible, with only two bedrooms, is 1 per cent. less than the proportion of families throughout the United States who are of the millionaire and capitalist class, made up of the class which has \$30,000 and upwards and of the class which has \$1,000,000 and upwards. Indeed, in the year 1881, no less than 126,000 of the people of Glasgow lived in single-room house-keeping quarters in tenement buildings, and 228,000 in two-room quarters. Thousands of the "one-room apart-

ments contain five, six, or seven inmates, and hundreds contain from eight even to thirteen " (p. 86).

Hence, in 1887, 9,000 cases of small-pox were registered, and in 1892 12,171 cases were reported. Typhus, scarlet fever and cholera were also frequent. Irish and Highland laborers accustomed to the unsanitary habits possible in country huts were here struggling to get the slightly higher wage and steadier employment made possible by Glasgow's manufactures, ship-building and commerce. It was not until from 1855 to 1866 that the city government began to reduce the death-rate by rigid space requirements, epidemic hospitals, sanitary wash-houses, disinfection stuff, scavenging of all courts, yards, streets and roads, and removal of night soil and all refuse. The demolition by the city of tenements found unsanitary was found to result in leaving centrally located lots vacant to a degree that led the city to abandon the idea of relying wholly on private enterprise for the building of suitable homes for the poor. It built first a few model tenement houses as samples, and the result seeming to be profitable, it is increasing what is called the "expropriation" and city improvement policy. Municipal lodging-houses, municipal family homes, public baths (swimming), public steam boiling wash-houses or laundries where for twopence an hour a woman may take the clothes of her family and have them washed, dried in hot-air rooms and ironed, all very quickly and by machine power, are all forms of collectivism not yet familiar to the American city governments, as a result of municipal action.

The whole police force of Glasgow (1,400 men) costs the city only \$250,000 a year (p. 112). This is about one-twentieth the salaries paid to the New York police, and less than one-sixtieth the sum the New York police have been collecting as blackmail from vice and crime. Yet Glasgow has a population half as large as New York, and is rapidly advancing toward a million people. The police are provided with lodging-rooms, mess-rooms, kitchens, etc., at the station, and with retiring pensions.

While the population of Glasgow is greater than that of Boston, the fire service of Boston costs \$800,000; that of Glasgow \$60,000. Much of this difference is due to the greater compactness of the city, its construction more nearly of fireproof materials (stone), and the great pressure of its water mains, the storage reservoir being more than 300 feet above the city. Collectivism is further expressed by providing the firemen with "houses" or apartments rent free. The water is supplied from Loch Katrine, so famous in Scott's poems, at the rate of 40,000,000 gallons per day and at a cost of one cent per 200 gallons. Its pressure is estimated to save the fire service alone more than the interest on its cost, but on the other hand "its lack of bone-making material is said to have resulted in much deformity among the children of the poor—a charge," says Dr. Shaw, "that I have not investigated but regard with skepticism."

Glasgow has for twenty-five years had charge of her own gas supply, the "management by the authorities giving unmitigated satisfaction to all the citizens of Glasgow." The cost has been reduced during this period from \$1.14 per thousand feet to 60 cents—more than doubling the per capita use under city management.

The sewage system, after aiming for forty years to discharge the sewage into the Clyde, where its effect at the best was malodorous (122) has been modified, as to about a third of the city, in favor of the plan of transferring the sewage by pipe lines for chemical treatment with milk of lime and sulphate ammonia. The result is the production of "sludge-cakes" or fertilizing poudrette, which is thus far applied to the municipal farm, where the city raises food for the horses it employs in its cleansing and street cleaning department.

Birmingham owns a similar chemical works and farm at which a portion of the sewage of the town is converted into the most luxurious crops (183). Manchester had largely made use for many years of a system of pail closets for night refuse, but now has established municipal poudrette

works for converting city sewage into fertilizers and a farm for testing their value in the production of food.

In fact all the leading municipalities of England, including London, manifest the same general types of civic tendency as Glasgow and Birmingham. Neither rings, nor gamblers, nor "bosses," nor the vicious classes seem to have taken the bit of municipal government into their teeth in anything like the degree which characterizes cities of the United States. On the contrary the British people feel apparently as much pride in their municipal governments as interest in national statesmanship. This interest is one which a few economic endeavorers, like Dr. Shaw, are doing much to cultivate in the minds of residents of American cities.

It is estimated that the fertilizing value of the sewage which annually goes through into New York Bay is about two-thirds the cost of the entire city government, and it is probable that the cost of disposing of this mass of filth in the present manner is, after all, about as great as the cost of converting it into fertilizers.

This state of things is in full accord with the economic law, so emphasized by Carey, that society never begins with the good implements first, but always with the wasteful and retrogressive. The bad economy of spending millions annually to dump \$25,000,000 worth of fertilizing materials into the sea, is on a par with the bad economy of beginning a great city without parks and with narrow streets, and with the still worse economy of compelling men to be blackmailing thieves in order to become policemen, or compelling lawyers to contribute to a blackmailing machine if they want to be judges.

It must not, however, be assumed that the better government or improved architecture of American cities, nor the conversion of city sewage into fertilizers, nor the adornment of our naked and stony New York streets with trees, nor the cleansing of the waters of our bay from intramural filth, necessarily require that resort to muni-

cial socialism which has, in so many instances, been made the pathway to better things in England. There are at the very base and substratum of English law certain abnormal and excessive manifestations of selfishness, meanness, or individualism, as we may choose to phrase it, which have no counterpart in the United States. These cause English property-holders to be more ready than American, to adopt socialistic and collective means to appease popular complaints, because the English landowners and well-to-do have a sense of having got the better of the lower classes in a way that does not apply in America. Not applying it does not beget here the same desire to throw a cloak to the wolf of pursuing socialism as prevails where the property-holding classes have obtained an advantage to which they clearly are not entitled. All society everywhere is a compromise between socialism and individualism, and can stand about so much of each. If individualism gets a heavy advantage in one respect, society reacts and tends toward collectivism in all others as the price of peace in enjoying this vested advantage.

In Great Britain all titles to land are entrenched at the outset behind a Chinese wall of absolute legal exemption from taxation, debt, bankruptcy and every mode of loss which does not require the owner's signature. The landowner may lose money in merchandizing, banking, gambling, racing, or whatever else, and so long as he signs no mortgage or deed his land cannot be taken from. No form of tax or execution for debt will sell his land. The utmost the tax collector can do for any rate is to distrain the goods of the occupant, and the utmost an execution creditor can do is to have half the use or crops applied toward his debt. Nor does any form of tax rest on the principal sum of any personal capital, ship or stock.

On the contrary, throughout the United States all state and municipal taxes and all business debts make their first assault on land titles. All executions, except from petty courts, issue against land if the debtor owns any.

And especially in the South, by special lien laws, every store account becomes a means of selling land. Capitals are everywhere the first thing taxed. Hence American property-holders do not feel that there is anything in American law for which they need stand before the proletariat offering sacrifices or compromises. Their hands are always in their pockets paying debts, for which an English gentleman could, by law, be subjected to no severer penalty than dunning, and which it is, therefore, entirely English for gentlemen to pay when they please, but which an American must pay on demand.

In America there are no rates payable by "occupants," and the mere tenant does not know what a bill for taxes looks like. In America there are no taxes on occupations unless they border on vice, like liquor shops, shows, etc. In England a laundress who sends her wash home by her child has been coerced into the payment for a porter's license to the child.

England having thus entrenched capital and land, aristocracy and privilege, stands ready and eager to grant tidbits and favors to the proletariat, because there is a deeper question of justice, which she would prefer not to discuss.

America has no such question, because the laws, taxes, voting power and political predominance were from the first in the interest of the landless, and the public sentiment is that if the proletariat see anything more they would like to have, they can have it by asking for it.

The tenements built by private enterprise in American cities average, as yet, far superior to the model tenements built by municipal enterprise in Glasgow or London. The death-rate in the tenement houses in New York City is actually two per cent. lower than the death-rate in the remaining houses of the city. The means of transit existing in New York City, especially in the elevated roads and Brooklyn Bridge, are superior to the means of transit in any British city. The edifices erected for trade and busi-

ness in New York and in most American cities are far superior to any in London or on the Continent. Europe contains no park equalling the Central or Prospect Park, whether for public or for princely use. In no country is travel made so cheap by government roads as it is here made by private railways, and nowhere is access to the sea and to the mountains for summer rest so generally availed of as here. Finally, nowhere is the conviction so profound as in America that society is actually based on the principles of justice, and that all men have here all the rights they can carry gracefully, and not a few have a great many more. Hence American opinion is less likely than English to seek relief in schemes of municipal socialism, because our legal structure is not like theirs, honeycombed with the fat cells of aristocratic prerogative, exemption and privilege.

The "No-Profit Line" in Wheat Raising.

The London *Times* of recent date, under the title of "Bankrupt Competition," and the *Economist* (London), under the title "Cost of Growing Wheat in the United States," both took occasion to discuss a series of facts concerning the cost of producing wheat, which are derived by the Department of Agriculture of the United States for 1893, through inquiries made first of upwards of 25,000 practical farmers, and secondly of upwards of 4,000 experts, the graduates of agricultural colleges now engaged in farming. The "practical farmers" make the average cost of producing wheat in the United States to be 48s. 8½d. per acre, while the average farm value per acre of wheat produced in the United States in 1893 was only 25s. 8d., thus netting a clear average loss to American farmers on their wheat produced in that year of 23s. per acre, except as this loss may be lessened by the proceeds of the sale of the straw, which are estimated at from 15s. to 20s. per acre.

The estimates of cost by the "graduate experts" tally closely with those of the farmers, being 47*s.* 10*d.* per acre, In detail these costs are summed up by the Department of Agriculture as follows:

SECTIONS.	COST PER ACRE.					
	Rent of Land	Manures.	Seed.	Labor.	Marketing.	Total.
	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>	£ <i>s.</i> <i>d.</i>	<i>s.</i> <i>d.</i>	£ <i>s.</i> <i>d.</i>
New England.....	14 8	18 4½	9 0	1 16 11	5 3½	4 4 3
Middle States.....	16 8	21 6	5 10	1 8 0	3 8	3 15 9
Southern States.....	11 7	8 8½	3 10½	0 18 1	3 3½	2 5 7
Western States.....	10 11	7 8½	3 10	1 0 2	2 9	2 5 4½
Mountain Region.....	16 2	11 3	3 11½	1 7 10	6 7½	3 5 10
Pacific States.....	13 9½	10 11	4 3½	1 3 9	5 5½	2 18 3
Average for U. S.....	11 8½	9 0	4 0	1 0 10	3 2	2 8 8½

The average yield per acre in the whole country was 12.9 bushels, which works out an average cost of 3*s.* 9*d.* per bushel or 45 cents, while the average cost in the States, from West Virginia to North Dakota inclusive, was 50 cents per bushel.

The *Times* estimates the net loss to the American farmer at 5*s.* per quarter (of 8 bushels) or 14 cents per bushel, besides freights from the farm to the market of consumption. It thinks this form of "bankrupt competition cannot go on indefinitely," and attributes to it the decrease of 5,000,000 acres in American acreage planted to wheat within nine years, while our population has increased more than 11,000,000.

Of course the price of wheat could not have been forced so far down below the American cost if there had not been countries producing at a very much lower cost than the American. Those are India and Argentina, the former of which is destined to be our most active competitor in cotton, as the latter has for some time been in wool.

Concerning the cost of producing wheat in Argentina, the London *Times* says: "We may usefully bear in mind the words of a writer quoted by Mr. Bear in an article in the June number of the Royal Agricultural Society's *Journal*: 'The opening up of the Argentine wheat fields appears to be mainly due to the labor of the Italian colonists. Except, perhaps, Chinamen, no people in the world, we are told, are such steady, hard workers as the Italians, and no people are content with such mean living. * * * It is useless to attempt any calculation of cost of production of wheat, because the great item of labor is not to be estimated if you deal with an Italian, who will plough by moonlight, and with all his family will work at harvest from 4 A. M. till 7 P. M. in a blazing sun.' But even the Italian colonist in Argentina has been assisted by conditions which cannot be expected to last; notably by virgin soil, which he is recklessly exhausting, and by the circumstance that, while he is paid for his grain a price based on its gold value in European markets, he pays his expenses in the paper currency of the country."

The *Times* proceeds to infer that the English wage-earners have reason to congratulate themselves that all the world is bankrupting itself to supply English laborers with cheap bread. "These, at all events, ought to acknowledge the subsidies they derive from the American grower when he sends wheat to this country under cost price; or, to take another example, from the Victorian *bonus* which enables the wage-earner to buy a pure butter at a price about half of what it fetches in Melbourne."

It then proceeds to praise God that the calamities brought upon the agricultural classes of England by free trade in agricultural products have so greatly redounded to the comfort and well-being of the artizans.

Of course, the London *Times* has no theory that foreign trade may become, or constantly tends to become, a moribund affair, just as foreign conquests of any kind constantly tend to become, so that the last increment of for-

eign trade to a trading nation, like the last increment of foreign conquest to a conquering nation, or the last increment of speculative investment to a capitalist, may constantly exceed its actual value. Many statistics have appeared during twenty years, tending to show that Great Britain's export of highly competing manufactured goods, especially of cottons, has been verging closely upon the deadline of no profits; that her manufacture of silk goods, kid gloves, watches, brandies, and felt hats passed that line years ago, along with her cultivation of breadstuffs, and has since been on the decrease. For twenty years the British ocean-carrying trade by sail was declared to be moribund and Parliamentary inquiries were constantly on foot to inquire by what means merchantmen could be prevented from wreck and burning as a means of realizing on the insurance where it was impossible to realize on the business.

When American protectionists complain of having foreign goods dumped on our shores too cheaply for American interests to endure, the free traders regard the difficulty as triumphantly met by the inquiry, "Will the foreigner give you his protection for nothing? Will he even sell you at a loss?" It is cheering to perceive that the *London Times* credits itself with the discovery that the foreign trade in wheat carried on with England by the farmers of other countries is all done at a loss. If this be so, then the foreign trade of British cotton manufactures tends toward a period of loss by an economic law which requires only time to work out its results. And when it comes to be conceded that the cotton trade and carrying trade can be carried on at a loss, it would seem to indicate a chronic tendency in a definite fraction of the more fiercely competitive industries of such countries as largely depend on the foreign market, to rely on their home trade for support and to constantly run much of their foreign trade below the no-profit line.

Civic Helps for Civic Life.

BY REV. DR. M. M. G. DANA.

All eyes are now turned towards our cities, for they are our storm-centers. In them are found the zones of enormous wealth and degrading poverty, infecting plague-spots and shocking crimes, debased ideals and tantalizing hopes, colossal difficulties and incalculable spiritual issues. Everything, good and bad, gravitates with accelerated energy to this social center. An eminent publicist declares "that, with few exceptions, the municipal governments of the United States are the worst in Christendom."

The size of American cities, the complexity of their population, their political corruption, the sharp competitions and deep jealousies of their life, all tend to make them the most perplexing problem of modern times. They are the real menaces of our civilization.

HOPEFUL SIGNS.

What can be done, what ought to be done, to improve and exalt civic life, is the general study of the hour, and promising results are beginning to appear in answer thereto. Nor is this interest confined to one class or one section of our own city. Schemes for social betterment are being discussed by the denizens of the East Side. Lectures, debates, Good Government Clubs, college-settlements, institutes, City Vigilance League, show unmistakably the awakened public interest, and the various ways in which this interest is being nurtured and made more intelligent.

The air rings with proofs that social problems are supreme. Even the long story of civilization itself, when we come thoughtfully to re-read it, is found to be the record of the way in which men have met or mastered, or been met and mastered by their social problems.

THE CONDITION.

Never before did we know so much about civic conditions as now. Every city of any prominence has been of

late subjected to more or less scrutiny. Investigation into existing abuses, the kindly effort to find out how the other half lives, the visitation of tenements, the study of such social facts as to the density and nationality of the population, the extent and character of school privileges, the death-rate of the different wards, and the means requisite for improving the public morals and health—all this is evidence of the trend of inquiry, and of the resulting knowledge of the civic condition.

In a word, the total life of New York, in all its parts, with all its lights and shadows, is better known than ever before. In this is found a most hopeful sign, for on this knowledge, acquired for unselfish purposes, may we build our plans for the cure of the city's ills, and the uplifting of the city's life. Dumb suffering now gets voice. Despair makes itself heard above the din of the reckless traffickers in the blood and muscle of their fellow-beings for gain. The tramp of the people resounds on every side, as they come forth to assert themselves. The greatness of man is being recognized, and the worth of doing for the weakest admitted. Social aims are changing. Solidarity is the basis of the new conception of life. Knowledge has awakened sympathy and strengthened and broadened the dues of fellowship.

NEW DEPARTURES.

We are confronted now with new opportunities, created by the social exigency. Careful thought, a tolerant canvassing of methods, and mutual and hearty co-operation, are now called for. No unwise experiments can be tried, for we know our civic needs, and now it is a question of how best to meet them. The socialization of municipal functions should be well considered ere we trust that for a cure-all of the evils so obvious.

THE ECONOMIC RESULTS OF SANITARY METHODS.

We have made a signal record in this city for 1894, in reaching the lowest death-rate since 1814. For thirty years the mortality has been steadily diminishing, though

the population has been steadily increasing. Exactly the progress made in this particular will appear when you recall the fact that the Health Department was organized at the instance of the Citizens' Association and the Council of Hygiene in 1866. The death rate that year in this city was 35.04 per 1,000. In 1868 the death rate had fallen to 29.31. Twenty years more, and the rate in 1888 was reduced to 26.20. In 1890 it was 23.51; 1891, 24.73, and 1892, 24.26; these two were grip years, which accounts for the temporary rise in the rate; 1893, 23.52; 1894, 21.05. The decrease in the death rate for 25 years of 5.89 per 1000 of population represents a saving of about 3,300 lives each year, and of over 80,000 lives during the quarter of a century, which, reckoned on the English basis of \$770 per capita, amounts to \$61,600,000 social capital saved. Then, in addition to this, as the number of cases of sickness to each death is estimated to be 28, it is obvious that a large amount of suffering has been prevented by this improved sanitary condition. Pecuniary benefit, too, has accrued to the laboring class through the increased exemption from expenses incident to sickness and death, resulting from this lowering of the death rate.

We are not wont to think of the economic results of this saving of life through municipal effort. Here is an instance where the city has taken in charge the oversight of the public health, and enforced sanitary improvements amid the crowded tenement population, and intervened promptly to ward off or check the spread of contagious diseases. The result has been that the city has become healthier, and especially have the laboring classes shared in the resulting public weal.

OBSTACLES TO MUNICIPAL CARE OF PUBLIC HEALTH.

These spring, *first*, out of the poverty and habits of the tenement population. For example: in 1891 the Board of Health issued orders to reduce the occupants of certain tenements in 1,704 cases, covering 3,307 persons. Even night inspections have had to be made to prevent the occu-

pation of rooms by a greater number than could safely be permitted. The percentage of deaths in tenements was for 1893 63.77 on total reported deaths for the city. The highest death rate is in wards inhabited by Italians (Fourteenth Ward, 36.84; Fourth Ward, 36.80), owing to their uncleanness and overcrowding, and to the severer climatic conditions and their adherence to the farinaceous diet not suitable to our cold winters and sudden weather changes. The greatest house-density, combined with a low death rate, *e. g.*, the Tenth (17.14) and Seventh (22.36) Wards, illustrate the sanitary value of some of the habits of the Hebrew population dwelling in them, and the resulting benefit of abstinence from the use of alcoholic beverages, as well as their native vitality.

What occupation has to do with the death-rate may be inferred from the fact that it is highest in houses tenanted by cigarmakers, and lowest in those partly occupied by dressmakers. Death-rate from diphtheria, croup and measles were highest in houses entirely occupied by tailors.

Second.—A second obstacle comes from the cupidity or culpable indifference of the owners of tenements. It is estimated that over one-half of the population of New York live in what are distinctly known as tenements. Many of these are unfit for human habitation, and would be condemned had the Board of Health the powers possessed by similar boards in Great Britain. Rear tenements, which are a reproach to our civilization, are filled with tenants only because the supply of rooms is behind the demand, and because the poorest are driven to the cheapest abodes. In such cases the death rate is 27.66 as against 22.21, where there are only single tenements to the lot. Cut off from sunlight by the front houses, with lower floors dark and damp, these tenements are veritable death-traps, as the mortality among children attests. The so-called double-decker, without light or ventilation, and peculiarly fatal in case of fire, shows from what sources the well-to-do draw

their incomes. Thirty-one per cent. of New York's buildings are said to be tenement houses, yet in these occur fifty-three per cent. of the fires.

It was this board that succeeded in abolishing the occupation of cellars as human habitations, and in compelling hotels to cease lodging their employees in underground basements. It is owing to its inspection that landlords are obliged to remedy defective plumbing or drainage and make repairs often sanitarily imperative. Even some corporations have been bold enough to defy the requirements which the municipality seeks to have fulfilled in tenements where the poor dwell. Sweat-shops, overcrowded rooms, opium joints, wherein there is an utter disregard of all the legal requirements for water and ventilation—these are the property of wealthy corporations or individuals, and this its condition.

While we cannot legislate poverty out of existence, we can secure the erection of wholesome tenements for the poor. Already have other cities set us an example worthy of prompt imitation in this regard. In Great Britain municipalities are authorized to construct tenement and lodging-houses and let them to the people, and in Belgium the state, through banks which it controls, may loan money to artisans for the purpose of constructing their own dwellings. We may not deem this the wisest way to improve the housing of our too-crowded population, but so far as better housing augments public health, the municipality should actively promote it on economic no less than on humanitarian grounds.

COST OF SANITARY IMPROVEMENTS AND RETURNS.

The way the matter is viewed in England may be seen from these facts: The cost of the sanitary improvements up to 1890 was about \$583,500,000 or a mean annual expenditure of about \$42,000,000. Now, during the ten years from 1866, when the Public Health act was passed, to 1875, the average death-rate was 22.19 per 1,000 inhabit-

ants living. Since 1879 the death-rate has fallen from 20.07 to 17.9 for 1889, per 1,000.

INDUSTRIAL VALUE OF A HUMAN LIFE.

The estimated value of a human life in England is put at about \$770 per head; that is, its productive, money-earning value. The number of lives saved by the death-rate lowered from what it was between the years 1866 to 1875, to what it became in the period reaching from 1880 to 1889, is put at 856,804, which, reckoned at the per capita value just given, represents a social capital of more than \$650,000,000, so that in ten years England has more than regained the sum spent for sanitary improvement in the fifteen years since the general law for the protection of public health went into operation. Moreover, statistics show that sanitary measures affect the death-rate for persons between the ages of one and twenty-five years; so the economical gain is great, since the twenty-eight per cent. of those who might have died during this age period were tided over what is a period mostly of non-production. Had these thus saved died at the age of twenty or thereabouts, the community would have gained no recompense for the expense of maintaining them through those non-productive years. Another way of putting this fact is this: In 1854 a newborn boy might hope for 39.91 years of life; in 1880 he could hope for 41.35 years.

In France it is estimated that if vaccination and re-vaccination were made compulsory, and if towns were obliged to supply pure water to their inhabitants, the saving of life would amount to between 25,000 and 30,000 annually. In Germany only 110 fatal cases of small-pox are reported annually; in France 14,000.

By way of emphasizing the economic value of sanitation, take such a gruesome fact as this: A number of villages in Southeastern Russia, the inhabitants of which enjoy plenty of food, but have no sanitary accommodations of any kind, their birth-rate for the last eighty years was 60

per 1000 inhabitants. Yet the population is unchanged. One-third of the new-born die before their sixth month; one-half within the next four years, and out of each 100 born only seventeen or twenty-eight reach the age of twenty.

Now, in conclusion, to the very proper and pertinent inquiry, Does not the lowering of the death-rate make the burden greater for future times and augment the burden to be borne by coming generations? this can be said: Those carried off by diseases of the heart, throat, kidney, and by cancer are those classed among imprudent. The diseases which sanitary improvements have diminished are those which cut off the prudent and the promising. Ideal social conditions are reached slowly and by patient efforts, but we are steadily nearing a higher *morale* and the city of the future in its improved estate, its wholesomer life, its ampler opportunities for enjoyment and culture, will be the certain evolution of economic and regenerating forces now at work.

Editorial Crucible.

THE TREASURY department announces that it will discontinue the publication of monthly bulletins of imports and exports. This is doubtless done to prevent the inflow of unpleasant criticisms on the workings of the Wilson-Gorman tariff. Those bulletins since the first of January have been exceedingly unsatisfactory. But the effrontery of stopping the publication because the figures are not complimentary to the tariff reform policy, is much like the Chinese order to stop publication of news from the seat of war because the only news is of defeat.

THE BILL to restrict the hours of labor and regulate the sanitary conditions of bake-shops, known as Assembly Bill 1346, has passed the Assembly and has reached the stage of second reading in the Senate. The object of this bill is to restrict the hours of working in bakeries and confectionery establishments to a maximum of sixty hours per week, or ten hours per day. It requires that every room used for the manufacture of food products shall have impermeable floors constructed of cement or of tiles laid in cement, and that the walls and ceilings shall be plastered or wainscoted; and that proper wash-rooms and water-closets shall be provided apart from the bake-room or rooms where the manufacture of food products is conducted, etc., and that these regulations shall be under the supervision of factory inspectors.

Common decency, to say nothing of economic necessity and social improvement, demands that this bill shall pass. It ought not to have any opposition at all.

THE SILVER COINAGE cause will be very much weaker for having declared for a separate party movement and for free coinage at the ratio of 16 to 1. Parties are formed on many issues usually, and seldom live long or accomplish their object, if formed on only one question. There are

millions of voters who would gladly do something, if it can be done, to restore silver to parity with gold, who will run away from a platform which declares that all paper money should be issued by the Government. This couples the perpetuity of the greenback nuisance with the effort to restore parity to silver. Indeed, it is probable that no American influence has had so much to do with lowering the value of silver bullion in the world's market as the substitution of the greenback itself in place of silver and gold as the ultimate legal means of payment of all the private debts in the United States. The greenback turned both silver and gold out on the common to graze, which lessened the utility of both, but of silver more than gold, since there was a much larger aggregate of small notes displacing silver than of large displacing gold.

THE CONTEST FOR GOVERNOR of Tennessee affords an instructive instance of over-legislation. The legislature has counted the returns from all the counties and both parties concede that they show on their face 104,356 votes for Turney, 105,104 votes for Evans and 23,088 votes for Mims. Evans (Rep.) has the clear plurality; but Turney contests his election, and the Secretary of State declines to file Evans's oath of office, because it is alleged that the vote of twenty-nine counties for Evans should be thrown out entirely, because in each of them certain persons voted without previously paying their poll-tax. To this the Republicans reply by objecting to the counting of forty counties for Turney on the same ground. These leave only twenty-two counties not objected to by either party and these twenty-two counties, if alone counted, would elect Evans by about 9,000 plurality. Five counties are objected to by both parties and if these only are excluded, it would increase Evans's plurality by 2,600 votes. The Democratic members are now studying how they can count enough democratic counties and throw out enough Republican counties to elect Turney. The curious feature of the whole

question is, that if it could be shown that at every poll in the state at least one man voted without paying his poll-tax, the entire vote of that poll would be vitiated. Hence if at all the polls but one in the state, persons voted without paying a poll-tax, but at one poll the voting was regular, then the vote of that one poll, though it might not amount to one-thousandth part of the voters of the state, would elect the governor.

FOLLOWING IMMEDIATELY ON THE failure of the Brooklyn strike the general strike in the entire building trades in New York City recently begun and compromised, is very significant. It shows that the methods employed in Chicago and Brooklyn cannot stop strikes but on the contrary may increase them. So long as the people believe that they are right in their demands and that they are unfairly treated, they will take great risks. The remedy for strikes is not to be found in the abuse of the strikers or the coercive use of military. Fortunately or unfortunately the working people in this country have been led to believe that they have the same rights as capitalists have and are entitled to the same considerate treatment at the hands of the community. The way to diminish strikes is not to bully and coerce strikers, but to recognize their full equal rights in the controversy. Nothing is to be gained either by the community or by the capitalists by trying to suppress the collective efforts of laborers. On the contrary, the remedy must be sought in the opposite direction, *viz.*: of more organization instead of less. If, instead of trying to belittle and suppress trade unions, the employers would agree to join the laborers in the organization of a Mutual Union in which both should be equally represented, on the conditions that neither laborers or employers should propose any change in the terms of employment until the proposition had been discussed by the Mutual Union composed of both laborers

and employers, nearly all strikes among skilled men could be avoided, because by such a method reason instead of coercion would control the decision on both sides. Workmen are as amenable to reason as employers, if treated as equals, with dignity and respect.

AMERICAN RELATIONS with France ought to be seriously shaken up by the audacious trial and imprisonment of Mr. Waller (colored), lately American Consul at Tamatave in Madagascar, for obtaining from the native or "Hovas" government a concession of valuable lands with rubber trees, ebony and mahogany.

The French Government has no colonies or resident French population in Madagascar which could justify them in extending a protectorate over any part of the island. European traders are nomadic and scattered among the natives. Except the missionaries, and these individual traders which nowhere form towns, the whole population of the island is native Malagasy, and all the trade and industries of the island are yet in native hands. The policy of the natives has been resolutely to refuse any grants or concessions of land to any foreigners, traders or missionaries, other than by brief leases. Hence, as recently as 1888, no concession of land had been made to any foreigner, though the French had in 1861 tried to obtain a concession, which was afterward abandoned and a money indemnity accepted in its stead. Now, a grant of some 225 square miles made to the American Mr. Waller seems to be the occasion of his pretended trial before a French court martial, and sentence to twenty years' imprisonment on the marvellous charge "of correspondence with the Hovas" or native nobility.

The French seem to have one kind of courage when dealing with helpless barbarians like the Siamese and Hovas, and another when facing peers like Germany. A nation that can only be decent when dealing with its superiors should not be permitted greatly to extend its

authority in the world. On this affair France ought to hear from the United States. Civilization has no use for national bullies.

IN ITS ISSUE of Sunday (March 24) the New York *Sun* had a three-column article showing how strikes ruined England. It was an interview with Mr. Hiram S. Maxim, an inventor, whom *The Sun* thinks one of the best qualified men in the world to speak on the subject.

Mr. Maxim ascribes England's decline in trade and workmanship to the short hours and high wages of her laborers. According to this logic the still higher wages and in many instances shorter hours in this country ought to have worked our ruin long ago. Yet these are the very things to which we proudly point as evidences of our national superiority. The way for England to save herself from ruin and for this country to maintain its present high position, is to return to the low wage and twelve-hour conditions of the fifties. This would have been good enough democracy for Jefferson Davis. Unfortunately for this logic, the very period of England's greatest prosperity and advance has been the period of her rising wages, shorter hours and highest activity among organized workmen. That part of her people where trade unions have not been known are still working for ten shillings a week and living in mud hovels of one and two rooms.

The true secret of this man Maxim's foolish and, for the most part, very ignorant talk is to be found in the fact that he was interested in a factory and wanted to carry out his long hours and low-pay doctrine, and the laborers refused. Like all people who discuss the labor question from the standpoint only of their own personal pocket-book, he says, "*In our case there was no real grievance.*" So said Carnegie, so said Pullman, so said the Brooklyn Trolley Companies, and so say they all who believe that the way to promote a nation's prosperity is to perpetuate long hours and low pay for laborers.

As if further to verify his unfitness to talk on the subject he says: "England is not a self-contained country; it would be quite impossible to produce one-half the food required for the people." The reason England is compelled to buy food-stuff is not because it is "impossible to produce it" but solely because her free-trade policy has driven English land out of cultivation. Until the repeal of the corn laws England exported bread-stuff. And she could now produce more than her entire population requires if her public policy permitted the use of her lands. As a consequence of this policy the English people pay more for their bread-stuff than any other people in the world. Mr. Maxim is evidently an inventor, and his opinions on economics and industry would be worth a great deal more if he invented less.

THE SUPREME Court of Illinois has decided that the clause in the factory act of 1894, forbidding women to work in factories more than eight hours a day, interferes with the freedom of women to make contracts, and that this right is property, and that therefore it takes away property without due process of law and hence violates the Constitution and is void.

The right to contract is not a form of property, but of liberty. No one can buy it from another, sell it to another or lose it, except, as he loses all other forms of liberty, by becoming a slave. In the Civil Rights bill, before the emancipated slaves were made citizens or given the right to vote or sit on juries, but, as part of freedom, they were expressly given the right to make contracts, sue and be sued, testify in courts, etc. Nobody ever suggested that Congress thereby gave them property.

The right to make the marriage contract accrues in some states at twelve, in others at fourteen or seventeen, and always at an earlier age to girls than to boys, thus making a different rule as to the right to contract for females, than that which pertains to males, for every state in

the Union. If it is a constitutional principle that the right of women to contract must be the same as that of men, then the Illinois law that women may marry at fourteen years, and man only at seventeen, is void.

The law in question is clearly a police regulation to prevent the imposition of equal hardships on women to those imposed on men. It clearly cannot be unconstitutional to enact that women shall not serve on the police, or in the army, or as miners, or as stevedores in loading vessels, or as hod-carriers, or butchers. Laws which recognize a difference of physical power, or power of moral resistance and criminal responsibility, have filled the statute books for thousands of years. Indeed, there are very few laws which relate to women at all which do not distinguish between their powers and those of men.

If the law had been changed slightly in phraseology so as to enact that "no factory in which women are employed shall be permitted to run its machinery more than eight hours a day," it would have been exactly the same law as it now is, in every legal respect, but no court could have even pretended to see in it anything more than a law regulating factories, yet it would have been equally impossible for a woman to make a contract for nine hours' work in a day. The same kind of law has been held constitutional in Massachusetts, and all that the Supreme Court in Illinois has succeeded in doing is to show that it does not know the difference between property and liberty.

This is a labor "Dred Scott decision"; it shows a determination to wrench the law into service against labor on every possible pretext. This is the stuff of which socialism and populism is made.

The Editor's Drawer.

This department is devoted to answering questions of fact or theory. Although we do not regard ourselves equipped to answer all questions that may be asked, we shall willingly give whatever information we possess, provided the inquiries are made in good faith; to guarantee this, we ask that all communications be accompanied by the full name and address of the writer. Correspondents complying with this condition may be assured that their communications will receive attention, and if they are not answered in the next issue, they may assume that it is either through want of space, or that time is needed to get accurate information. Anonymous communications will receive only waste-basket attention.

Effect of Our Currency Plan on Country Banking.

DENNISON, O., Jan. 17, 1895.

TO THE EDITOR OF THE SOCIAL ECONOMIST:

Noting your request in the January SOCIAL ECONOMIST for suggestions on your banking plan. *First*.—Does the bill as drawn allow profitable free or private banking as at present?

Reply by the SOCIAL ECONOMIST.

The fourth section of the bill as drawn lays such a tax on banks seeking to carry on banking outside the organized union of associated banks of the United States as would make it their interest to enter it. It may be said, therefore, not to allow "profitable free or private banking" as at present, *i.e.*, outside of any organized system of banking. All small and weak banks should be branches of large and strong banks, the former making deposits with the latter to protect the latter in redeeming the notes of the former. This seems to be in accordance with the natural workings of banking as shown by the fact that in Great Britain, where pure and true banking reaches its highest perfection and is carried on with the maximum of good results and the minimum of evil, there are 131 parent banks which with their 3,801 branches, do the business of the country.

Secondly.—Would it prove in practice that "local banks" would be established as easily as under the present national banking law, or would

there be a tendency for banking to fall into certain hands and become monopolistic in tendency, if not in actual practice ?

Reply.—It is more economical that fewer banks should do a larger business than that many banks, farm mortgage companies and private note shavers should do each a small and relatively poor and expensive business. It would, therefore, be the object of organizing the whole banking system of the country into one federated union, to combine so much individuality as would make each banker and his correspondent bank the judge of the security on which his loan should be made, and should equalize facilities for obtaining loans in rural districts with those in cities. Central banks unable to put out their money except at a very low rate but having branches which would have good paper offered them at a slightly higher rate, would loan through branches whose executive officer they had appointed and whose books they could examine, when the same city banks would not loan through a country bank not a branch.

This would equalize rates of interest between city and country in part by providing country banks with city funds, and as in the case of the equalization of costs in manufacturing business by a trust, it would greatly cheapen and increase the volume of business each concern pooled in the Trust could do. It would not be practicable, therefore, to run against such a banking organization either private lending shops like those in Iowa, Dakota, Nebraska and Alabama for lending at 18 per cent. on land, nor merchant banking stores like those which are taking possession of the South where goods can be sold to planters at double their value, and every sale gives a lien on the land. It is to correct the mischiefs of oppressive rates of interest that an effective banking machine is needed. It would not be efficient as a reform if all the mischiefs of the present condition could survive its creation.

Through this system, however, any country banker who can now make a living by making a few loans at a high rate, could then make a much better income by mak-

ing manifold more loans at a low rate, though in a degree of surveillance and subordination to some larger bank which in the end would be as beneficial to him as to his patrons.

Thirdly.—Could “local banks” be established freely in answer to local needs, or would the outcome be that very few of the smaller cities would have more than one such bank.

Reply.—If every farmer or business man in your locality knew that your bank were a branch of the First National Bank of Chicago, or of the Chemical Bank of New York, or of a State Bank of Ohio stronger than either, that would, of course, increase your deposits. It would empty the “old stockings,” and unlock the hoards of the distrustful people who put their money between mattresses and sleep on it. One object of banks is to unlock these hoards and set money in motion and substitute credit for distrust. Our scheme would put behind every \$50,000 of capital that desired to enter into the banking business all the credit that would attach to the \$250,000 capital of the bank of which it would be a branch and behind this last virtually the total banking capital of the country. This would multiply say by five the efficiency of each small banking capital, which would have the same effect to multiply rural banks, and the profits and safety of rural banking as the increase in the yield per acre of crops would have to multiply farming. It would cheapen the product, yet by increasing the utility of banking it would enhance its time profits to the banker while lowering the rate of interest he would get on each loan.

Fourthly.—In small places with one “local bank” having no competition, would rates of interest rule law in actual practice?

Reply.—Yes. The bill is so drawn that in a small town in Ohio having three banks, one may be a branch of a metropolitan bank in Cleveland and another may be a branch of a metropolitan bank in Cincinnati, Chicago, or New York City, or Washington, and the third may be a branch of the state bank of Ohio, or even of Pennsylvania.

The freedom of competition will be limited only by the capital and volume of bank credit the individual banker can influence, and by the judiciousness of his loans.

Fifthly.—Would not a much larger stock of gold coin be required by the banks than they find necessary at present? If so, would it be furnished by offerings for free coinage? Yours, etc.,

E. ECKFELD.

Reply.—To the first question we answer that the aggregate stock of gold required to be kept in the country would be very much less than at present, and that the chief evidence of greater perfection in the working of the system, as a whole, would be found in the lower stock of gold required to be kept in the country.

We have now an estimated stock of gold amounting to between five and six hundred millions of dollars, being almost \$10 per capita, whereas the second bank of the United States, in 1816-19, brought a bankrupt U. S. Treasury and an entire wild-cat state banking system, whose paper was at a varying discount of from 10 to 27 per cent. up to gold par and coin payment on only \$9,000,000 of gold, or less than \$1 per capita. The country resumed specie payments in 1879 on less than a fifth of our present stock of gold.

The quantity of gold required to be held by the country banks would be slightly greater, but the close relation they would all sustain to the central banks, of which they would be branches, would make the work of redemption easy.

The policy of enlisting the country banks in the coinage of silver by enabling each bank to coin it with a prospect of profit to itself and to the holder, which is embodied in the last four sections of the bill, would, if successful, soon add the useless and inefficient stock of silver now lying idle to the gold now running short in a manner to make each an accessory to a more active societary movement and rising scale of prices on food products, meats, labor and land, which would be likely to attend an enhanced volume of both circulating notes and bank credit.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

ARBITRATION.—*Industrial Conciliation and Arbitration in Europe and Australia.* By E. R. L. Gould, in *The Yale Review* for February, 1895. Mr. Gould traces minutely the mode in which these tribunals have been appointed, and the share they have had in the adjustment of labor disputes in all countries, without as clear a presentation as might have been wished of the economic quality of the disputes to which the principle of arbitration is applicable. The crucial question, in an economic sense, pertaining to the hope that arbitration may be made largely available, is whether in a case where the employer believes he could with more profit or with less loss shut down altogether rather than submit to the wage rate, time rate or other terms proposed, his mind is likely to be changed by arbitration, and whether arbitration can consistently with popular liberty, be resorted to to force an employer to work at a loss or at a lower profit than he deems necessary to sustain his competition with his neighbors. Mr. Gould shows (p. 389) that England has made two experiments in compulsory arbitration, *viz.*: in 1824, and in 1867. In the act of 1824 the fixing of rates of wages was expressly excepted from the powers of the arbitrators. In the act of 1867 rates of wages, hours of labor and the other matters bearing on the making of contracts *in futuro* were sought to be placed within the powers of arbitrators, but, as Mr. Gould says, the statute is a dead letter. "All the necessary machinery for the creation of enforceable agreements of arbitration exists, but as far as utility and application is concerned, there is nothing to record. Not a single application for license, as a Council of Conciliation, has ever been made to the Home Secretary."

BIMETALISM.—*Is Bimetallism a Delusion?* By Edward Tuck in *The Nineteenth Century* for February. Mr. Tuck's

crucial point is that the contention of the bimetalist regarding silver "is not, as seems so often to be assumed by their opponents, that 15½ ounces of silver shall be declared by law to be equal in intrinsic value (whatever that phrase may mean) to 1 ounce of gold, and that therefore the market price of each shall be legally so fixed in terms of the other. The bimetalists demand merely that the two metals (coined) be declared by law to be of the same utility in debt-paying power." This naive declaration does not seem to impress Mr. Tuck's mind with the truth that if two currencies of different purchasing power co-exist, and the creditor has power to compel his debtor, under pain of foreclosing, to renew his contract in the dearer metal, which afterwards goes to 100 premium, then the debtor is ruined by being compelled to pay twice his debt. If, on the contrary, the creditor has no whip-hand over the debtor (which is seldom true) and cannot compel the fixation of the mode of payment in the dearer metal, and is paid in the cheaper when it has declined to 50 per cent. discount, then the debtor loses his general ability to borrow, and the creditor withdraws from further dealing with him, feeling swindled out of half his debt—a condition which disrupts all relation between borrowers and lenders, plunges society pell-mell back into the Bedouin, nomadic robber state "whose hand is against every man and every man's hand against him." What we need for this order are camels in place of railways, highwaymen in place of merchants, and decimation in lieu of population.

INCOME TAX.—*Is the Income Tax Constitutional and Just?*

By Prof. E. R. A. Seligman in *Forum* for March. Prof. Seligman argues in favor of both the constitutionality and justice of the income tax. Its constitutionality depends upon whether it is a direct tax; of course it is as direct as a tax can be. Hence the Constitution really provides that it shall be distributed among the states according to population and collected through the state governments. This is what the courts ought in conscience to decide, since it is

beyond the power of human ingenuity to imagine or feign that the burden or incidence of an income tax can by any possibility be shifted. Mr. Seligman thinks economists have abandoned the attempt to distinguish between direct and indirect taxes, and that the Constitution, therefore, prescribes a rule which is void for want of meaning. This is not so much an argument that the income tax agrees with the Constitution, as it is an assertion that the Constitution is past agreeing with.

As to its justice, Mr. Seligman regards the income tax as correcting the inadequacy with which the other taxes fall on profits. As taxes, wherever laid, become a deduction either from earnings or from capital, we can conceive of no fund from which the revenues of a government can come except the incomes of its citizens or of those who trade in its markets. To tax incomes specially as such, therefore, is after tapping the barrel, then to tap the spigot.

PROGRESSIVE TAXATION.—*A New Departure in English Taxation.* By Rt. Hon. Lord Playfair, in *The North American Review* for February. The present bid of Sir Wm. Harcourt, as Chancellor of the Exchequer in England, for socialist support, is a budget in which he taxes estates of deceased persons in a rising ratio as the estate increases. An estate worth £100 at the death of its owner pays £1 to the government, but an estate of £1,000,000 pays 8 per cent., or £80,000 to the government, leaving £920,000 to the heir. Lord Playfair hardly dwells upon either the legal or economic effects of such enactments. The legal effect would be to cause nearly all large estates to seek incorporation before death, whereby death duties would be exchanged for corporate taxation, or to substitute deeds before death for wills and descent as the means of distributing estates among heirs.

The economic effects would be, so far as such legislation would have the effect desired, of breaking up the

transmission of estates *in solido*, to slightly increase the cost at which invested capitals would serve society by lessening their number, magnitude and tendency to underbid each other. The effect would be like that of the state fines, forfeitures and penalties levied by Warren Hastings on the rajahs, nabobs and moguls of India. It would help to break up capitals and divert them from industrial to consumptive uses, with the speedy effect of discharging millions of laborers from employment and permanently lowering the rates of wages, in like manner as any other attack on the permanency and security of capital tends to do.

SOCIALISM OF MOSES.—By Thomas S. Potwin in *The Yale Review* for February. This very accurate analysis of the economic system of the Hebrews shows that it involved no communistic ownership of land, nor indiscriminate right to the use of natural opportunities or capital. Every Hebrew was given a private title to his land, whose fruits might be alienated subject to redemption within the year in cities, and until the fiftieth or jubilee year in the country. No rent or usury was allowed, because every Hebrew was assumed to be a private landowner. Mr. Potwin holds the rather ingenious view that the seventh year was a year of rest to the land only, “to the field and to the vineyard,” but involved no rule forbidding building, manufacturing, trading or learning trades. He holds, therefore, that the special function of the Sabbath year was to turn labor from agricultural to other kinds of handiwork. The text seems to admit of this interpretation, though its suggestion indicates how strongly the Sabbath year antagonizes modern ideas.

SILVER.—*The Future of Silver*. By Hon. R. P. Bland, in *North American Review* for March. Mr. Bland thinks that the failure of the country to return to the prosperity promised, as the result of repealing the Sherman Law for the purchase of silver, discredits the Gold party, but he ne-

glects to explain to us why the vast coinage of silver by the nations of the world since 1878 has not caused the rising scale of prices which friends of silver desire. It seems equally to discredit the Silver party that 50 per cent. was added to the world coinage of silver in ten years and yet, as they complain, prices fell. How much new silver do they want? Mr. Bland claims that the Democratic party has always opposed a currency of bank-notes. This is less than half true, as Madison, Gallatin, Dallas, Clay, Calhoun and all other leaders of the party in 1816 favored and, practically without help from any other party, founded the second Bank of the United States expressly to bring the wild-cat notes of the states' banks to par, which it did within three years. Even Andrew Jackson in 1829-30, in opening his war on the Bank of the United States, admitted the value of such an institution, but desired it to be recast in a manner to make it more nearly a department of the government.

Mr. Bland looks for a crystalization of the West and South into a party for the free coinage of silver at the ratio of 16 to 1 against the North and East. Why resort to a metal so dear as silver? If a free coinage of silver would lighten the burden of debt, paying by one half, a free coinage of copper, at the same ratio of 16 to 1, would enable every debtor to pay a dollar of debt with a cent. It is estimated there are 39 billions of private, corporate and public debt owing in the United States—equal to half the values of property in the country. If it would give a general boom to enterprise to pay this all off at 50 per cent. shave, to pay it off at 99 per cent. shave would make every poor man's donkey sell for a square mile of land well fenced, a good country residence with graveled walks and glass conservatories, ten thousand sheep, six hundred cattle, forty horses, eighty Alderney and Jersey cows, and a balance in bank. If we are going into the coinage for prosperity's sake, let us have all there is in it, Messrs. Childlike and Bland.

TAXATION.—*Recent Reforms in Taxation.* By E. R. A. Seligman, in *The Yale Review* for February. Prof. Seligman is generous toward the socialist spirit in assuming that the taxation of estates of deceased persons upon the progressive principle, or the theory that escheat to the state at death is a more useful disposition to make of property than either gift, descent or devise to the relatives and objects of interest of the deceased, is a reform. If it be a reform, then it is a reform from which society moves away as it becomes civilized, and toward which it returns with every drift toward barbarism. Escheat or the confiscation of property to the state at death cut a far larger figure in the England of Edward III. than to-day, and is almost the normal law of semi-barbarous races. The fact is, the state is as clearly the least useful successor to whom property can go at death, as it would be the least useful manager of the same property during life. Continuity in the management of, and title to, productive wealth by private owners is a distinct gain to society by promoting cheapness in the rate at which it will render its services to society in the distribution of consumable wealth. The wars among the stockholders, creditors, receivers and officers of the Erie Railway over its control, and growing out of the dispersion of its stock among many holders, have been a chief cause of its inefficiency and unprofitableness for sixty years. Any news that a single experienced railway capitalist was likely to get the control of its debts and shares, would send up their value in the market at a bound. So at the death of a railway magnate any hint at dispersion of titles, however gratifying to socialistic sentimentalism, depresses the value of all the stocks to which dispersion is threatened, but the knowledge that the title will remain *in solido* maintains their value, which proves that the policy is economic. What would have become of the Central Railway if the first Vanderbilt had either dispersed its shares among all his collateral relatives or had given away his stock, one share each to as many individuals; or,

worse than either, had bequeathed the whole railway to the state of New York? Either course would have ruined the railway, and the latter would have gone far to ruin the state, also, by adding 50,000 railway employees to the spoils of politics. Confiscation at death is not reform in taxation, but utter and dense perversion of all its true aims. These should be not to equalize fortunes, for this is to destroy values and restore barbarism, but to enable economic law "to have free course and be glorified."

In his comment on the effort in New Zealand to tax land without taxing improvements, Prof. Seligman shows that this is no "single tax" in two distinct particulars, *vis.*: first, the incidence of the tax rests as much on the improvements as on the land. Though the value taken as the basis of the *pro rata* is that of the land only, yet in default of payment of the tax the state buys the land and the improvements. This makes the tax a tax on both. Secondly, the entire tax forms only $6\frac{1}{2}$ per cent. of the aggregate taxes raised in the colony. Hence it is no "single tax," but only a singular tax.

TENEMENT HOUSES.—*The Tenement the Real Problem of Civilization.* By Jacob A. Riis, in *The Forum*, for March. Mr. Riis shows that the death-rate in the tenement houses in New York City (defined as including all houses adapted to the residence of more than 35 persons) has been reduced to 21 per 1,000, or actually lower than the average rate for houses containing fewer than 35 persons. In rear tenements (having no frontage on the street) the death-rate still rises to 61.97. Of course as much of this is due to the poverty which seeks the rear tenement as to the quality of the rear tenement itself. Mr. Riis favors the two new parks on the East Side, the power to condemn and demolish unsanitary buildings, and the creation of more baths. He is not in favor of the municipal construction of improved dwellings by expropriation as practised in some twenty English cities, nor do we discover that his plans for improving New York include that extensive planting of trees.

Among the Books.

Our Fight with Tammany. By REV. CHAS. H. PARKHURST, D.D.
Charles Scribner's Sons:

The singleness of purpose, and of achievement, with which Dr. Parkhurst applies all his powers to the work of crushing official delinquency in New York City, gives him a greatness which is not only new in New York City and State, but is almost new in the history of the world. If he has had a prototype in any other age or country, we find ourselves unable to recognize the prior hero. Plenty of men have fought against tyrants for liberty, but who are they that have fought against corruption for the law? Not a line in Parkhurst's book, even in the sermons which are bunched into it as part of the narrative, but might have been uttered by Catholic or Protestant, and the spirit of it with a few verbal modifications would fit equally well a Jew, an Agnostic, a Mohammedan, or a Brahmin. Of course there is no line indicating whether he is an economist or a socialist, a Democrat or a Republican, a Protectionist or a Free Trader, a collegian or a man of business. There is more of the spirit of a legalist than of a sentimentalist, more of the soldier than the emotional evangelist, and a better apprehension of what law needs to be than is possessed by almost any of the lawyers. It is law backed by conscience, the law that legislatures obey, instead of create, law in its spiritual purity that Parkhurst is interested in enforcing. Lawyers are so drilled in looking to the law as a game of chance in which they are to play any card that happens to show a promise of profit to their client or to themselves, that it becomes almost the last profession in the world to which society may look for men disposed to make the law a governing force in the world, whether as a means of promoting order, morals, industry, education, social power, internal improvements, or even the public peace. Lawyers divide their time between office, compromising, or bullying, as the case may be, and forensic wriggling and twisting, in which their aim is to adapt the law to the production of a certain fruitful result, as an irrigator turns a stream to where it will water his garden.

And yet the influence of lawyers is usually better than that of merchants, in the fact that a lawyer does try to win his powers by argument and to be paid for his work, while a merchant, having no faith in argument, almost instinctively seeks to influence legislation with money and to obtain favors for which he can well afford to pay.

It is unique that a good preacher should rise into a vigorous

legalist, because the average tendency of preaching is to inculcate a large faith in emotional gush and reciprocal forgiveness, in the remission, rather than in exaction, of punishments as a means of moral reform.

The mind of the Christian minister is trained to look to sympathetic and apologetic sources for the increase of human well-being, and is little prone to regard personal and official corruption as an evil that can be stamped out through official and state agencies. The theory of the average minister is that, unless you can so operate on the mind of an inspector or captain of police, like Schmittberger, as to induce in him a loathing of the practice of collecting five hundred dollars down and fifty dollars per month for allowing a house of ill-fame to carry on its work, he must be left, so far as the pulpit is concerned, to go his gait, like the tides, the planets and all natural forces. The politician holds that you must deal with men as they are, and that to assume that social vice or crime can be got rid of, is to retire from practical politics.

Hence neither in the lawyer, the preacher, nor the politician, would society be likely to find a man equipped to make war on official corruption, and to turn legal, clerical and political forces into such a channel that they could all be bowled against it at once, for its overthrow. This is exactly what was found in Parkhurst, and this little book, without duplicating much information heretofore possessed by the public, shows exactly how Parkhurst came to make himself the Columbus of this new world—a legal New York.

Not that New York City knows yet what it would be like to be governed by law, or by an honest purpose to enforce the law. There has been an expression at the polls in behalf of being governed by law, if we can be. But many new men, pervaded by the legal spirit, will have to be substituted for the commissioners, inspectors, judges, aldermen and sheriffs who have been in the habit of dispensing judicial caprice and official anarchy under the forms of law in this city, before the legal spirit will have superseded the arbitrary, opportunist, personal and corrupt spirit in our municipal life.

Dr. Parkhurst's book ought to be put in a form in which it will cost only a dime, and then placed freely in every family in this city. It is as easy reading as Jack the Giant Killer or Gulliver in Lilliput. Its point is so simple as to be almost no point.

A very plain man asks the police to close a gambling den. They reply, *first*, that there are no gambling dens; *secondly*, that gambling

dens must always exist; *thirdly*, that gambling dens are in certain aspects wholesome and good; *fourthly*, that gambling dens ought to be localized and placed under the charge, either of the police or of the clergy; and, *fifthly*, that his request is impertinent, as gambling dens are nothing that an honest citizen ought to know anything about. The plain man then undertakes to close the gambling dens himself. He finds that each den is informed of his coming by the police. He infers the partnership between the police and the gamblers. He then appeals to the gamblers, and, after much labor, learns from them how much they pay. Revelations multiply. New York discovers New York for the first time. The iceberg turns bottom upwards.

At present Dr. Parkhurst's work is only begun. Most of the lawyers who practice in the many courts have become so accustomed to gambling for judicial rights before judges, to whom law means a prerogative conferred by a Tammany Hall nomination, to dispense judicial caprice and personal will as a substitute for the law itself in all criminal and civil controversies, that they actually think it is the law, and have no heart to distinguish between judicial anarchy and jurisprudence.

Some of them are to be found guzzling liquor and playing billiards at fashionable clubs from 7 P.M. to 2 A.M. of every week-day, more hours than they sit on the bench. Others are there as the protégés of occupations closely affiliated with law-breaking, such as saloons and lotteries. Some will meet an express statute bearing on a question with the reply, "We have no such practice." Judicial decisions are thrown away upon them. A barrister who seeks to point out to one of these judges a principle of jurisprudence or doctrine of equity on which the statute is based is told, "You are arguing a matter that is entirely foreign to the case."

The spirit of Dr. Parkhurst is a spirit of revival of law as against anarchy. It needs judges who have not bought their nomination from Tammany Hall, as the captains of police bought their appointments. Mandarinism, Pachaism, courtierism and Oriental personal government are what we still live under. Mrs. Hetty Green runs around the City Hall like poor Miss Flite in Dickens' Bleak House wondering why she cannot get the account settled with her trustees without a perennial reference. She does not know that it is in the power of any lawyer to examine any one witness eighteen months in a long accounting before a referee, if he desires to, and if the fund re-

tained from the party entitled can be used to pay the counsel who perpetuate the retention. She does not know that even on a \$250,000 verdict, after a six months' trial, the record can be made so long and costly, that the labor of obtaining a final collectible judgment can be made greater than the toil of earning the same sum by industry, and so justice can be eternally dead-locked. Nor does she know that the estate of a wealthy Hindoo dying in New York can lawfully be diminished from \$180,000 to \$13,000 on its way through the hands of one guardian. Dr. Parkhurst has caught merely minnows enough for bait, as yet, in his struggle for the reign of law in New York City. The large fishes are still in the swim, and the greater justice still waits.

The Canadian Banking System, 1817-1890. By ROELIFF M. BRECKENRIDGE, Ph. D., Seligman Fellow in Economics, Columbia College. 475 pp. 8vo. American Economic Association.

This is by much the most valuable work the American Economic Association has yet published and is fairly the peer, in historical value, literary skill and economic insight and exposition, of any American or English work on banking yet published. Its only considerable defects are the absence of an index and the very general failure to give in all cases the sources and authorities from the careful study of which the book is derived. It is aided much in clearness and solidity of exposition by the palpable virtues of the system it describes. As few blunders have been made in the evolution of the Canadian banking system, and its value, efficiency and popularity are of the highest, little space need be wasted on fallacies, and no chapters were required for catastrophes or apologies. The Canadian people heartily admire and cherish Canadian banking as it is. Rates of interest are as low in British Columbia as in Montreal. The American people, on the contrary, disclaim, distrust or detest the mongrel conditions under which our bankers are struggling. Rates of interest are two per cent. in Wall Street and twenty in Wyoming. The disrepute of being unpatriotic toward the government and the odium of being unserviceable to the people, seem to combine to make banking an odious word in the United States only.

Mr. Breckenridge traces the chartered Canadian banks through the ante-Dominion period and shows that much of their quality grew out of the large ascendancy of the Scotch element in founding the banks, which from the first were modelled after the Scotch system. They have large capitals, yet by their branch system bring all the cheapness

of large capitals to every man's door. The Canadian system has no government bank, no free banking law, no bond securities deposited with the government for insuring redemption of notes, no statutory limitation on the aggregate volume of notes to be issued—except that no bank shall issue notes exceeding its paid-up capital—and no statute regulating the proportion which reserves shall bear to capital, though it has, for the convenience of the Canadian government only and not to improve the banking system, an unfortunate and incongruous requirement that forty per cent. of its reserves shall consist of notes of the Canadian government. As yet, however, the mischievous presence of government notes in the Canadian system (to the extent of \$20,000,000 only) has not had the effect to substitute redemption in government notes for redemption in coin, nor to check coin redemption. Hence the notes which every branch issues on its loans come back to the parent bank for redemption, and hence the currency expands and contracts by about \$8,000,000 every year, in obedience to the wants of business, whereas in the United States when a national bank once puts out its notes they never come back and thenceforth, if it has no deposits, it can only lend "assets" not bank credit, which, of course, doubles the rates of interest.

The book covers a system of banking and finance which richly deserves the study of every American who wishes to form an intelligent opinion on the question of bringing back American currency to sound principles and American banks to their former utility and popularity.

Municipal Reform Movements in the United States. By WILLIAM HOWE TOLMAN, Ph. D., Secretary of the City Vigilance League, New York, with an introductory chapter by Rev. C. H. Parkhurst, D. D. 219 pp. Fleming H. Revell Co.

This book is a most useful manual of the great social movement toward reform in municipal government now going on throughout the United States. It calls it "the Civic Renaissance" but we like it better by old, plain words: "revival of law," or return of sense. Dr. Tolman has gathered here the facts, mode and motive for the organization not only of the City Vigilance League of New York City, but of about seventy-eight other organizations of a more or less similar kind, working in almost as many cities. A few of these date back a few years but nearly all of them were formed in 1893 and 1894.

One of these, the Citizens' Protective Association of New Orleans, reports "the actual results accomplished have been the indict-

ment by the grand jury of ten councilmen and the beginning of impeachment proceedings against the mayor. One councilman was found guilty." Others, like the Citizens' League of the town of Norwalk, Conn., apologize, not unlike a young Indian chief at his first council, for having no aldermanic scalps dangling at their belt, having merely "aroused a deep public sentiment, resulting in the nomination and election of good officers and the better enforcement of existing laws."

The Citizens' Association of Boston "so exposed a most unworthy candidate for mayor as to force him to leave town." The world does not yet fully know what are to be the effects of all this lightning in the air. Aldermen and mayors who desire to keep on the outside of the penitentiary should keep their rods up and be sure that each rod has three sharp prongs at the top and runs to permanent dampness at the bottom. No halfway rod will do.

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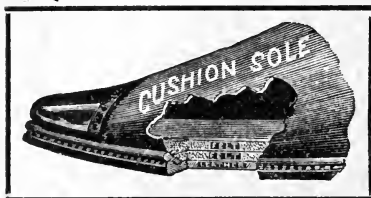


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MAY, 1895

Claims of Bi-metallists.

The revival of the movement for bi-metallism which in reality means the free coinage of silver, is bringing the silver question to the front as a national issue. The feasibility of adopting the free coinage of silver turns chiefly on the correctness of the propositions set forth by bi-metallists. The whole question of the free coinage of silver rests upon the value of gold and silver metals, how they are determined and how, under free coinage of both, they each affect the value of the other.

On this question the bi-metallists, or free-silver people, affirm: (1) That the value of commodities is determined by the volume of money. (2) That when the value of gold and silver separates, the price of staple necessities declines with the decline of silver. (3) That the purchasing or debt-paying power of money metals is not determined by their bullion value, but depends wholly upon statute law.

How much truth is there in these propositions? They are distinctly economic questions, and any valid justification or refutation of them must rest on economic grounds. We will take them in their order:

(1) As to the volume of money governing prices. This is chiefly a question of fact. Have prices shown any orderly tendency to rise and fall in any recognizable ratio to the increase or diminution in the quantity of money? In another article in this number we give the testimony of Humboldt, Arthur Young, Tooke and Stephen Colwell,

who furnish data conclusively showing that during the seventeenth and eighteenth centuries there was no recognized relation between the movement in the volume of money and the price of commodities. The following table shows that statistics of prices and money during the present century are also greatly at variance with this assumption.*

Year.	Volume of Currency.		Prices. Index No.	Year.	Volume of Currency.		Prices. Index No.
	Amount.	Per Cent.			Amount.	Per Cent.	
1860	\$435,407,252	100.0	100.0	1877	\$772,314,883	165.8	110.9
1861	448,405,767	102.0	100.6	1878	729,132,634	167.4	101.3
1862	334,697,744	76.8	117.8	1879	818,631,793	188.0	96.6
1863	595,394,038	136.7	148.6	1880	973,382,228	223.5	106.9
1864	669,641,478	153.7	190.5	1881	1,114,238,119	255.9	105.7
1865	714,702,995	164.1	216.8	1882	1,174,290,419	269.6	108.5
1866	673,488,244	154.6	191.0	1883	1,230,305,696	282.5	106.0
1867	661,992,069	152.0	172.2	1884	1,243,925,969	285.6	99.4
1868	680,103,661	156.1	160.5	1885	1,292,568,615	296.8	93.0
1869	664,452,891	152.6	153.5	1886	1,252,700,525	287.7	91.9
1870	675,212,794	155.0	142.3	1887	1,317,539,143	202.5	92.6
1871	715,889,005	164.4	136.0	1888	1,372,170,870	315.1	94.2
1872	738,309,549	169.5	138.8	1889	1,380,361,649	317.0	94.2
1873	751,881,809	172.6	137.5	1890	1,429,257,270	328.2	92.3
1874	776,083,031	178.3	133.0	1891	1,497,440,707	343.9	92.2
1875	754,101,947	173.1	127.6	1892	1,601,347,187	367.7
1876	727,609,388	167.1	118.2				

It will be seen from the above that prices have fallen 7 8-10 per cent. while the volume of currency has increased 267 7-10 per cent.

One of the causes of much mistaken conclusion regarding prices when discussing silver is the fact that the estimate is made from 1873 because that was the year of silver demonetization. Now, 1873 was in the midst of the green-back inflation period, so that prices were at their highest,

* "Quantity of Money and Prices, 1861-1892," by S. McLean Hardy in the *Journal of Political Economy* for March.

and the great seeming fall in prices, which was nothing more than the restoration of the greenback to par, is shown from 1873 to 1879, the time of the resumption of specie payments.

If we separate the movement of prices and the volume of currency into three periods, (1) from 1860 to 1873, the time of silver demonetization, (2) from 1873 to 1879, the time of specie resumption and (3) from 1879 to 1892, we shall then see more clearly the normal movement of prices and currency and also the delusive effect of inflated currency. From 1860 to 1873 the volume of money increased 72 6-10 per cent. and prices rose 38 per cent. From 1873 to 1879, the period of resumption, the volume of money increased 8 8-10 per cent. and prices fell over 29 per cent. From 1879 to 1892 the volume of money increased 96 6-10 per cent. and prices fell 4 4-10 per cent.

It will be seen that the great fluctuation in prices was from 1863 to 1877, the period of greenback inflation. Prices went up and came down again, but during the same time the volume of money steadily increased. Thus, whether we take the whole period or the period before and after the greenback inflation, there is no recognized correspondence between the movement in the prices and in the volume of money. One has been a steady increase and the other a steady decline, with the exception of the period of inflation. Upon any theory of the volume of money, prices should be very much higher in 1891 than in 1860, whereas they were actually lower.

(2) The notion that prices of staple commodities tend to accompany the price of silver, is largely a superstition. In the first place the manner by which this price movement is ascertained is very misleading. It is based on the index number methods of estimating price movement. The calculation is made by taking some forty-five necessities of life, including beef, mutton, butter, eggs and food-stuffs and manufactured commodities. A certain number of these are taken as representing the aggregate and made the

unit of calculation—as 100 in 1860. If at any subsequent date the same quantity of these articles will cost more, say 105 or 110, then the price has risen; if they can be bought for 90 or 95, then the price has fallen. So, in 1873, the price of a given quantity of these articles had risen to 137.5 as compared with 100 in 1860, and in 1891 they had fallen to 92.2 as compared with 100 in 1860. This is a perfectly trustworthy method of estimating the general movement of prices, but it is absolutely fallacious as estimating the effect of money on prices, because, as we have already pointed out, if the value of commodities is affected by money, the value of all commodities in this group must be affected in the same degree, whether it be a rise or a fall. But that is not the case.

For instance: the prices of beef, mutton, butter and eggs have not fallen, while those of cotton, cloth, iron, woodenware, clothing and manufactured goods have greatly fallen, in some instances as much as 70 per cent. Now, since some of these articles have not fallen at all and some of them have fallen a little and others a great deal, it shows that the change in their prices cannot be due to the single cause of money, or the change could not have been different with every different article. On the contrary, everything would have fallen about 50 per cent., the same as has the value of silver.

(3) That the purchasing or debt-paying power of money metals is not determined by their bullion value but depends wholly upon statute law. This point is stoutly insisted upon and was recently argued at length by Mr. Edward Tuck in the "Nineteenth Century," who says:

"Gold may be scarce or it may be abundant; it may be difficult and costly to produce, or it may be found in vast quantities and mined with comparative cheapness, but its exchangeability for debt, as fixed by legal enactment, and its consequent money value, never vary."

This is an unsustained assumption. It has no basis in fact or logic.

Coins are commodities—nothing but commodities. The fact that precious metals are used for money exercises no influence upon their value, except as it constitutes a permanent part of the demand for the metals. In this it exercises exactly the same influence, neither more nor less, than the same demand for the same metals would for use in the arts. The idea that statute law can impart to precious metals or any other commodity a permanent value as compared with other commodities—a value materially different from that possessed by the metal of which it is made—or that the value of the coined metal will be more stable than that of the bullion of which it is made, is an unadulterated myth. Statute law never had any such power. It may determine that a specific quantity of a given article, say grains of gold or silver, shall constitute the monetary unit and have the debt-paying power of a dollar, a pound, franc, thaler or yen; but it can exercise absolutely no influence over the extent of that debt-paying power; that is to say, the ratio in which it will exchange for other commodities. In other words, statute law can never make the gold dollar, the gold sovereign or any other money unit have a perceptibly greater purchasing or exchange power than has the bullion of which it is made.

This has been tried a great many times, but it has never once succeeded, even under such arbitrary monarchs as Henry VIII. The melting-pot was always stronger than the statute law. This idea is a belated remnant of the period of legal omnipotence when religious truth as well as economic prices were determined by legislation. The time has passed for discussing the subject upon any other than inductive economic grounds.

There is only one general economic law of value, and that law governs the value of gold and silver coined and uncoined in the same way as it governs the price of wheat, of iron or any other commodity.

It is generally assumed by bi-metallists and not a few

gold mono-metallists, that the value of money is governed by its volume, rising as the volume diminishes and *vice versa*. The fallacy of this doctrine and also the assumption that for some mystical reason the value of silver tends to accompany the value of agricultural products was effectively pointed out by *The Press* in an editorial of March 31. How, then, it may be pertinently asked, is that value of money determined? This is really the crucial point, and if conclusively settled will solve the problem.

There is an element of truth in the idea of supply and demand, but not in the conclusion that values are governed by the ratio between the supply and the demand. All values are created by demand, but they are regulated by the cost of the supply. That is to say, demand, or the market, is the force that brings the product into existence. The cost of supplying the product is the indispensable condition on which it will be continuously furnished, so that primarily and permanently the cost of production is the force which regulates the value, because it equals the lowest price at which producers will continue to furnish the supply, and the highest price competition will permit.

This identity between cost and price does not apply to the whole product, but only to the dearest portion that the market will take. For example, so long as the cotton cloth made by hand looms was required to meet the demands of the market, the price of cotton cloth was equal to the cost of making it by hand looms, although much of it was made by power looms at a lower cost. The difference between the cost of making it by steam looms and that of making it by hand looms went as profit to the factory owner. But just as soon as the factory-made cloth could supply the whole demand of the market, the hand-made cloth became unnecessary, and its cost ceased to govern the price, and the hand loom went out of use. That process is going on in every line of products. The price is governed by the dearest portion, and the difference between the cost of the

dearest portion and that more economically produced constitutes the profits. Now, what is true of all other products is true of money.

Coins of different metals, as copper, nickel, silver, gold, or whatsoever, will circulate at the bullion or cost value of the most expensive coin, whichever that may be, provided they are all full legal tender. If the silver coins are issued on the basis of 16 to 1 of gold, and the bullion value of the silver dollar is greater than that of the gold, then the purchasing power of the gold and all the others will be governed by the bullion value in the silver dollar, and if the bullion in the gold dollar costs more than the bullion in the silver dollar, then the purchasing power of all will be equal to and determined by that of the gold.

That is exactly what is true to-day; 371¼ grains of pure silver are to-day worth about 50 cents, but when coined into a legal-tender standard dollar it has the "debt-paying power" equal to a gold dollar, which costs a hundred cents, or twice as much. The reason for this is that both being legal-tender, they circulate with a purchasing power equal to the dearer, which is gold. If, for any reason whatever, the gold were withdrawn, nothing could give the remaining coin a greater purchasing or debt-paying power than the equivalent of the bullion in the dearer remaining dollar, which would be the silver dollar. In that case, the purchasing power of a dollar in other commodities would necessarily drop 50 per cent., or whatever was the difference in the bullion value of silver and gold.

No amount of legislation or occult forces can prevent this result if there be free competition between the coins. And so long as the dearer coin remains in circulation no amount of increase of the cheaper coins will affect the purchasing power of any.

Now the question for bi-metallists to answer is, What, under these circumstances, would be the effect of the free coinage of silver in a single country or in all countries?

Gold mono-metallists declare that if it were adopted in this country it would immediately put the United States on a silver basis, and some go so far as to insist that it would do so even if a number of countries united in adopting the free coinage of silver. Whether this would or would not be the effect, would depend entirely upon whether the dearer metal, gold, was rendered unnecessary to the currency and driven out of circulation, and that would depend upon whether enough silver was supplied to fill the entire demand for coin circulation. Bi-metallists insist that this would be obviated by the fact that free coinage of silver would at once send the price of silver up with gold. Mono-metallists often make themselves ridiculous by flatly denying this statement.

Thus the New York *Sun* of Thursday, April 18, editorially says: "The idea of opening the mints of the world to silver would cause its value to take a great jump upward, is one of the delusions that must be eliminated from the discussion of the question." In this instance it is the writer of that article who needs to be undeceived. It needs only a moment's reflection to see that if all governments, or if any one government, should agree to take all the silver that was presented and make 371 $\frac{1}{4}$ grains into full legal-tender dollars equal to gold dollars, the price of all the silver in the world would immediately rise to that level, which would be \$1.29 an ounce. It would rise to that level for the simple reason that nobody would be fool enough to sell his silver for less than \$1.29 when there was a party standing ready to give that price for all he would bring.

On that point *The Sun* is entirely wrong and the bi-metallists entirely right; the price of silver would immediately jump up to \$1.29 an ounce. But what will happen when the silver does thus rise, is the question. It is obvious that the first effect of such a rise in silver would be greatly to increase the supply of silver. Nor is there anything peculiar in this; 40 or 50 per cent. profit would mul-

tiply the supply of any product capable of production. This increased production would lead to the opening of new mines and the re-opening of old or inferior mines. With such recourse to inferior mines the cost of producing silver would increase, and this would continue so long as mines could be found that would yield silver at a cost of \$1.29 an ounce, or enough less than that amount to yield as good a profit as could be obtained with the same capital in other industries; when it passed this point the increased supply would cease.

It should be remembered, however, that while this process is going on with silver an opposite process will necessarily be going on in relation to gold. Since the amount of coined money the community will take is limited by its commercial needs, any considerable increase in silver coin necessarily involves a diminution in the use of the other metal. The demand for gold would fall off, and a portion of the existing supply would become unnecessary to the public demand. The price would decline and the poorest gold mines would go out of use, just as the poorest silver mines have been doing in the last few years, and the value of gold would fall to the cost of obtaining it from the dearest mines that remained necessary to the adequate supply of the market.

Now these two processes—the rise in the price of silver by the use of the poorer silver mines and the fall in the value of gold by the suspension of the poorer gold mines—would continue until the cost of obtaining sixteen ounces of silver would be equal to the cost of obtaining one ounce of gold, in which case the two metals would be of equal bullion as well as money value, and consequently neither would further supplant the other.

Under the free coinage of the two metals nothing can stop the increase of the cheaper and the diminution of the dearer metal until that equilibrium has been reached. Now, the question for American free-silver advocates to

answer is, If the United States alone should adopt free coinage of silver, would that equilibrium be reached before gold was rendered entirely unnecessary to our monetary system, and consequently driven out? If it would not, then the mono-metallists are absolutely right in saying that free silver for the United States alone means a silver basis, and that means an immediate inflation of prices and a corresponding reduction in the purchasing power of wages of about 40 per cent. If, however, the commercial area over which the free coinage extends should include two or three countries in Europe, or, in fact, be extended sufficiently to permit the process of increasing cost in silver and declining cost in gold to continue until an equilibrium is reached before the dearer metal, gold, is entirely supplanted, no sudden change in prices would result, because so long as the two metals can freely circulate the value of both will be determined by the cost of the dearest. In that event there would undoubtedly be a slight rise in prices, a rise equal only to the fall in the gold, which would not be injurious to the community because it would be slight and slow.

This is the economic movement that governs the value of money just the same as the value of everything else, and to discuss the free coinage of silver without counting with these facts is to act with economic blindness, with the certainty of having to pay an economic penalty. Let bi-metallists eliminate occult assumption from the discussion and squarely meet the economic problem involved. If they can show with scientific probability that with free coinage of silver in this country alone the equilibrium between the cost of furnishing sixteen ounces of silver and one ounce of gold would be reached before gold was displaced, their position is impregnable and they are sure to succeed. If they cannot prove this their case is lost and should be abandoned.

The Economy of the Large.

Mr. Henry J. Fletcher, a thoughtful and rising lawyer of Minneapolis, Minn., writes in the April *Forum*, under the title of "The Doom of the Small Town," one phase of a comprehensive and interesting fact which applies in a different form to competing buildings and blocks in the largest towns and to none more than in New York City. Substituting the word "building," or store, or hotel, for "town," a like essay might have been written on the doom of the small building, the small store and the small hotel, boarding-house, and even the small park, the small church and the small newspaper. Within twenty years past the small woolen factory disappeared rapidly before the large woolen factory; and during the fifty years preceding, the small cotton factory had yielded to the large, as during the fifty years before that the domestic or home system of spinning, weaving and shoe-making had gone down before the factory itself. The consolidation of many small railroads into a few large ones, and of many small oil and sugar refineries into the Standard, Havemeyer and Spreckels Trusts, is part of the same process. The substitution of large for small farms in England and Ireland, and the higher profits of ranch stock-raising, of Australia and Montana great flocks, of bonanza wheat-growing in California and Argentine, and even the gathering of upwards of sixty petty German principalities into one modern German Empire, and the determination manifested in the United States in 1860 to 1865 to have one grand republic rather than a heterogeneous litter of small state-lings, are illustrations of the same idea in so many fields that Mr. Fletcher, to make his title comprehensive, should have omitted the word "town" and written on the "Doom of the Small," absolutely.

The point which Mr. Fletcher regards as startling is that in Illinois, out of 1424 townships, 800 have lost population in the decade between 1880 and 1890, and 45 have remained stationary, while only 579 have gained. In Ohio 755 townships have lost population and 32 have remained

stationary, while only 529 have gained. In Indiana, Iowa and Michigan the number of townships which have lost population is barely in excess, but not greatly so, and all seem to be evidently approaching the period of greater loss than gain.

Meanwhile, in every one of these states as a whole, there has been in the same decade a handsome increase of population, "the increase in Ohio being 474,000, or nearly 15 per cent.; in Indiana 214,000, or 10.8 per cent.; in Illinois 748,000, or 24.3 per cent., and in Iowa 287,000, or 17.6 per cent."

Without amplifying these facts as to the country towns, it may be said they are duplicated in the "small" streets and "small" buildings and "small" parks of every large city. Years ago St. John's Park, in New York City, was taken for a freight depot because it was too small to be valuable as a park after the people had got Central and Prospect, Van Courtland and the other Annex parks. Now Bryant Park is about to be taken for a library, because, while it is small for a park, it will be large for a library. Seventh and Eighth avenues are filled with small stores which, when certain articles in their line are called for, reply: "We haven't call enough for that to pay us for keeping it. You can get that at Macy's." Thus they constantly advertise the competitor that is crushing them.

Canal street has sunk in value to half or a third of its value thirty years ago, and its buildings have been for years nearly unrentable and will continue so until the high buildings break in upon its lethargy and it becomes a vast wholesale street with buildings averaging twenty stories in height. Washington Square was going to ruin for its old uses, but the first twelve-story building has invaded it and the rest will follow.

On the corner of Van Cortlandt and Church streets stood for many years a seedy and unrentable old structure five stories high which hardly paid taxes until in its stead the Havemeyer Building, twelve stories high, was

erected, which is a paying property. On the corner of Maiden Lane and Broadway, one of the most central sites in the business section, is a building in good condition, light, airy and not aged, but mostly vacant for a year past above the first story, because it lacks the attractive and time-saving qualities of the newer buildings.

In the flight of tenants from the old to the new buildings it is easy to see that the magnet which draws them is the greater cleanliness, beauty, accommodations, space, light, and above all the saving of time and labor involved in the increased use they are able to make of machinery in the form of the elevator, telephone, typewriter, toilet accommodations, steam heat, and in some cases gratuitous common libraries and clubs or common restaurants. All these magnets which depopulate the small buildings are economies of time and of nerve force which largely increase the quantity of business a man can do in an hour—in short, the degree in which he can avail himself of the services of others, harness in and make use of subsidiary labor, and so increase his own utility to the world, and thereby the profit he can make on his time.

There has never been any difficulty in perceiving that the migration from the small factory to the large, or from the petty charcoal furnace sending up the smoke of its pig-iron smelting from a single lone chimney-stack in the mountains, to the vast concern employing 12,000 to 20,000 men and turning out everything from a locomotive to a needle, was a necessary part in the normal evolution of industry.

Is the flight from the small town to the great of the same nature and induced by the same causes as the movement of trade in cities from the small stores to the large ones, *viz.*: to effect an increased economy of time, capital and nerve force, or in short, to net a larger return to both merchant and customer at the same cost? If so, it is ground of rejoicing only.

Anyone, accustomed to the large stores of cities, who

has attempted to supply himself with an outfit for any purpose at one of the ordinary shops in the small towns, will readily recall his average discomfiture. He will perceive that the stocks on hand are of a sort which not only cannot serve his own purpose, but that they are very unlikely to serve anybody's purpose well. They must sell only at a very slow rate and at a high expense, and to the extent they find sale at all they are a partial imposture and fraud. Should he, however, determine to use a portion of what is offered him, and a month or a year later call at the same shop, hoping they may, in the meantime, have improved their assortment, he will be very likely to be shown the remnant left by his former choice, with the remark that nothing better can be had short of the city. The extreme slowness with which such sales are made leaves the lowest compensation for the seller's time and drives him to that "city" which his apologies are constantly advertising to his customer.

The highest illustration of the time-saving faculty in the "large," as compared with the "small," is seen in the tendency of the dry-goods stores to sell everything which any one customer can want, in order to save his time and theirs. Customers will think of cheapness till their confidence is won, and they get started in buying. Then their minds are wholly absorbed in thinking of quality, quantity and style, and they buy pell-mell, the faster and more recklessly the more exhausted they become. Hence the merchant who can satisfy every want of a customer, who has passed the point where his mind is fixed on cheapness, and is thinking chiefly of his own time and labor, can sell him all articles after that point at a fair profit so long as his variety, diversity, style, quantity and quality hold out.

Hence the leading dry-goods stores in New York and Chicago long since added made-up wraps and furs, bonnets and millinery, shoes, bric-a-brac, saddlery and harness, trunks and satchels, cosmetics, drugs and medicines, and when they finally spread over into books, pictures, gas

fixtures, furniture, stoves and hardware, beds and bedding, crockery, clothing, jewelry, stationery, and did this same thing at Macy's in New York, Wanamaker's in Philadelphia, and at similar bazaars in Boston, Chicago and Cincinnati, it became evident that there must be an economy of some sort underlying this change which could not be resisted. The great concerns, Hilton, Hughes & Co., Marshall Field and the like, might strive to stem the tide, but they could only do so in part. Essentially they were swept into the current.

Recently, to crown all, a firm of Cooper, Siegel & Co., in Chicago, almost new to fame, are absolutely rushing headlong to a fortune which has made them the purchasers of the entire block in New York stretching from Fifth to Sixth avenues and from Eighteenth to Nineteenth streets, on which they expect soon to erect an enormous structure in which to open up their method to this city. They advertise to furnish absolutely everything, from a ton of coal to a refracting telescope, from a servant or a situation free of charge to a loan of any sum familiar to bankers, from a locomotive to a lamp; they will furnish a house complete, or build it new; they will sell you a suit ready-made or have it made to order; they will accommodate you at a hotel for an hour or sell you a residence in fee; take your telegram for transmission to any point, or manage your estate while you go to Europe; give you a shave and a bath or introduce you to a wife; sell you a horse from Kentucky with a record of 2.15 or Bourbon whiskey from the same state with an edge like the scimeter of a Saracen—in short, it is common repute that they will give you fifty dollars to order anything with which they will not supply you. If coal is \$6.00 a ton at every yard in the city they will sell you orders on those same yards at \$5.50, and will handle a wide range of prices in the same marvellous way.

This illustration shows that economy of the customer's time and of the merchant's time is the chief result aimed

at in this modern bazaar system. Instead of being a backward move or an indication of decay in society, it points to a rapid increase in the value of man—and consequently of his time, his hours, minutes and seconds—in the complex movement of modern life. It is a higher phase of emancipation.

The computation recently made, based on the present rate of a carpenter's wages per day and the price of nails per pound, showing that he could not afford to stoop to pick up one, two nor ten nails, if they dropped to the floor, because the time lost in picking them up would make such an act a robbery of his employer, is in the same line. Only when from seventeen to twenty-seven nails could be picked up at one stoop of the figure of a workman working at \$4 a day, could he afford to waste his time in this economy. The migration of residents from the small towns to the large, and in the large towns from the small buildings to the large, and the magnet which draws purchasers from the smaller stores to the large, are all proofs of the increasing power of man over the forces of nature.

Public Effect of Great Fortunes.

There is a prevalent and growing opinion that great fortunes are a menace to public welfare. Although this idea is not a new one, it has taken on a new form in recent years. Among the ancients great wealth was always associated with despotism, confiscation and slavery. In the middle ages great fortunes consisted chiefly in land, and were associated with industrial and social paternalism and political despotism. Hence the public mind has, not entirely without justification, associated the idea of large fortunes with oppression.

With the development of industrialism, substituting wages for slavery, competition for confiscation, productive capital and market prices for arbitrary authority, this all

changed. Under the new or capitalistic regime, with the use of steam and the factory system, an entirely new class of large fortunes began to arise. It is against this new class of large fortunes that the present growing antagonistic public opinion is especially directed. With the decline of the "old" class, the antipathy was transferred to the new, as if their social and economical character were identical.

To be sure, it is recognized that the modern capitalist acquires his fortune through profits and wage conditions—instead of confiscation and slave conditions, but it is maintained that profits are but another form of confiscation; that profits are robbery, just as much as is open confiscation, the only difference being in the subtlety of the process.

About the middle of the century, Carl Marx undertook the task of scientific demonstration that profits, interest and rent are all robbery of the laborer. But through the changed condition of modern industry, the robbery has been divorced from the personal motive and transferred to the economic system itself, so that it is no longer a matter of personal disposition, but economic method, that works the robbery, and that this makes it more insidious and more disastrous to the community. In 1863 this theory was published, which has since been made the bulwark of growing socialistic sentiment and is the real source of support to all the forms of public antagonism to capitalistic accumulations. Many workingmen, especially those who come from the European continent, believe this. Sentimental people who have but a superficial acquaintance with the subject, accept it, and demagogues play upon it for political purposes.

The chief argument of free traders for the abolition of protection was "that it created large fortunes," always adding, "at the expense of the people." Socialists and anarchists conspire against our existing social structure for the same reason. Populists are organizing a new

political party to put railroads, mines, telegraphs, and ultimately all productive enterprises into the hands of the government, abolish interest, establish fiat money, and do several other more or less crazy things.

The income tax was born of the same doctrine, as was also the inheritance tax. They are both intended to operate the hardest on large fortunes, and many have gone so far as to advocate that both the inheritance and the income tax shall be made progressional; that is, that the rate of the tax shall rise as the income or legacy increases, all with the distinct purpose of preventing the growth of large fortunes. No argument was quite so effective with the masses in the free trade campaign or in sustaining the income tax as the plea "that free trade would check the growth of rich corporations, and an income tax would bleed them."

This whole course of reasoning is fallacious, because it rests upon a radical misconception of the nature and character of modern industry. It entirely fails to take account of the fact that the great fortunes of the nineteenth century differ radically from those of the middle ages, both in the manner of their accumulation and the use to which they are put. Nineteenth century fortunes have not been acquired by militarism, confiscation and slavery, as were those of mediæval Europe and ancient Rome, but solely by the economic direction of productive enterprise in which a greater amount of wealth is created by a smaller expenditure of human energy. That is to say, by harnessing natural forces into the service of society.

There are two ways in which great fortunes of the present day affect society. (1) In the method of their accumulation. (2) In the mode of their expenditure.

First.—The chief source of modern wealth accumulation is profits, and nearly ninety-five per cent. of the accumulation is invested in production. Profits can only be obtained through the use of capital in productive enterprise, and even then only when it serves the community

better or more cheaply than existing and competitive methods. Capital that succeeds only in rendering the poorest service has to go without profit, if not suffer actual loss of principal. In fact, it is only that capital which introduces the best methods, furnishes the greatest improvements, that obtains the large profits and consequent accumulation.

Moreover, capital is only profitable to its owner when the commodities it produces are consumed by the general community; so that the profitable use of capital finally depends upon the diffusion of the benefits of its service throughout the whole community. Railroads can pay dividends only in proportion as the people ride and consume the commodities they transport. The cable and elevated railroads in New York City are only profitable to their owners in proportion as the citizens enjoy the benefit of the cheap and rapid transit. The great mercantile establishments are only profitable in proportion as they give more accommodation and cheaper goods to the public. No sooner does any capitalistic concern cease to give the maximum service than its business declines and profits diminish, and finally the capital itself disappears.

Profits are really the reward for the highest service capital renders, and bankruptcy for the poorest. Without immense accumulations of capital our great railroad, telegraph and factory systems, by which multitudes of commodities which were once only accessible to the rich have been put within the reach of the poor masses, would have been impossible.

Had modern fortunes not appeared we should still have been using tallow candles, weaving by hand, traveling on foot or by stage-coach, and been living in the social and industrial simplicity of the hand-labor era, as is every people on the earth who have not developed capitalistic accumulations. The world over, every country has advanced in civilization directly in proportion as it has developed great capitalistic enterprises, and that for the ob-

vious reason that without immense aggregation of capital, the greatest wealth-cheapening methods are unattainable.

The real democratic element in modern capital consists in the fact that as capital it is of no personal or social service to its owner, except as it is earning profits; and it can only earn profits in proportion as it renders efficient and superior service to the public; so that when capital ceases to serve the public, it becomes valueless to its owner.

Second.—Another way in which large fortunes affect public welfare is through the mode of their social expenditure. In the process of social expenditure the effect is socializing, refining and educational. It is impossible in the nature of things that the incentive for accumulation should continue generation after generation in the same person or families. The object of all accumulation is expenditure, and when accumulation reaches a certain magnitude the disposition to assume the cares of productive enterprise for further gain diminishes. Consequently, we always find the sons of multi-millionaires tending away from the pursuit of a business career and pursuing a life of leisure, travel and societary culture, which is substantially a life of expenditure, leaving the productive use of their fortunes to other hands.

The second or third generation, who, instead of being experts in production, become connoisseurs in consumption, are performing quite a different but scarcely a less important function than their predecessors who had accumulated the fortunes. Their contribution is to the improved social tastes of the community. All educational and cultivating influences begin at the top and percolate down.

It is under their influence and seemingly lavish expenditure that art, science, education and architecture, personal culture and general social refinement are promoted. Without a class who could afford and are willing to pay seemingly exorbitant prices for special luxuries, nearly all the improvements in social and personal life would have been impossible.

It is only by such expenditure that the magnificent churches, hotels, public buildings and private residences could ever have been possible. And it is only through the improvement developed by the architecture and appointments of the rich that the marvelous improvements in sanitation and comfort and modern conveniences could ever have reached the homes of the poor. It was only because somebody was willing to pay a fabulous price for carpets made by hand, and so create a taste for carpets first among the most opulent, and then among the less wealthy, but more numerous class immediately below, that the production of carpets by factory methods became feasible. So, too, of pianos and almost everything in the appointment of a modern home.

The Waldorf has fixed the standard for hotels in New York City. No good hotels will prosper in New York hereafter whose appointments do not approximate three or four of the new hotels in Fifth avenue; and the appointments which become normal in the standard hotels will gradually by the development of taste and custom be transferred to the private homes, ultimately revolutionizing the character of tenement houses. Every such contribution to the increased taste and consumption of the community reacts in turn upon the economic conditions by raising the taste of all classes in the community. It tends to elevate the standard of living and raise wages among the laborers; increase the demand for new varieties of products and thus enlarge the market for capital and labor through the magnitude of social consumption.

Since new desires are the yeast of societary progress and increased markets, the public effect of social expenditures of large fortunes is really to furnish the initiation of social diversification which is ultimately the active force in national evolution. Thus it is that in the very nature of societary movement the influences which create large fortunes bring with them the impetus for their own dispersion.

This antithetical action tends to prevent the permanent concentration of wealth, either productive or consumable, in the hands of the same class. The fear, therefore, that the creation of large fortunes through the concentration of productive wealth will ultimate in a permanent monopoly of a small class, is wholly unfounded. It is a morbid fear based on the experiences of ancient and precapitalistic conditions. It is as foreign to nineteenth century industrial methods as is the Ptolemaic system to modern science. We have nothing to fear from large aggregations of capital and the specialization of industrial enterprise, because that can continue only so long as it is accompanied by national prosperity.

What we have to fear most of all is the wrong-headedness of the laboring classes. If the workingmen insist upon organizing on the idea that every capitalist is their common enemy, and cling to the notion that nothing benefits them which does not reduce those above them to their own level, they will but place themselves in direct opposition to the very forces which make for their own improvement.

Prices and Volume of Money.

The fallacy of which the advocates of free silver coinage make most use is that prices of commodities are measured by the volume of money in circulation; that of the whole volume of money the special function of measuring prices is delegated to that form of coined money by which all other forms of money are redeemed. They claim that, since the demonetization of silver by the United States in 1873, Germany in 1871 and France in 1874, silver coins have become mere tokens, whose equality in exchange with gold coins depends, like that of paper money, on their redemption in gold, and that by the demonetization of silver the volume of money of final redemption was reduced one-half by the elimination of coined silver from any share in the price-

measuring function, which accounts for the alleged fall in prices of commodities since that date.

In reply to all this it is to be observed—first, that there has been no such general fall in *all* commodities since 1878 as would be necessary to indicate a rise in the purchasing power of money *per se* as against all commodities. From 1873 to 1892 both land and labor, in which five-sixths of all values have at all times consisted, have steadily risen in value, thus proving, if volume of money has had anything to do with it, that an expansion in such volume has occurred during the twenty years preceding 1892, and has had its beneficial or desired effects.

Secondly, among those economists who regard the volume of money as a controlling factor in fixing prices, not one distinguishes between the money of final redemption and money requiring redemption. This new monetary doctrine is a pure fiction in finance invented for the present exigency because the advocates of free coinage have been pelted with the proofs that since 1873 the actual addition to the volume of silver coinage in the world had been, as certified by the Director of the United States Mint, upward of \$1,500,000,000, or an addition of 50 per cent. to all that had been coined in the previous four centuries, and that of this amount no less than \$549,000,000 had been put out in the United States, and is circulating either in specie or by its substitutes, the silver certificates.

To meet this fact the free-coinage party invent the doctrine that only money of final redemption affects prices, and hence present prices are measured by the quantity of coined gold only. No such doctrine exists among economists or financial statesmen. The economists who have believed that total volume of money affects prices have been Montesquieu (decidedly), Hume (partially), Locke, Harris, Lord Overstone (changed his mind) and James Mill (doubtfully).

Those who have disputed, disproved and wholly exploded this notion, driving it into "innocuous desuetude,"

have been Sir James Stewart, Adam Smith, Malthus, Ricardo, Torrens, McCulloch, Arthur Young, Thomas Tooke, Humboldt, Marquis Garnier, Ganihl, Beawes, Giffen; and, in America, Stephen Colwell (very elaborately in "Ways and Means of Payment," pages 520 to 576).

Among the economists who have been misled by the notion it is easy to see that every one of them meant by the volume of money, not as the free-coinage advocates contend: the money by which all forms of token and credit money are redeemed, but all the kinds of money effective as standard means of payment at the point where price is fixed, *i.e.* where exchange of commodities for money goes on. Thus Montesquieu drops the phrases gold and silver and substitutes the word "signs." He says "The establishment of prices depends upon the proportion of the total of the commodities to the total of the 'signs.'"

Sir James Stewart in describing this theory, as held by others, for the purpose of refuting it, states it to be that "the prices of commodities are always proportioned to the plenty of money in a country, so that the augmentation of wealth even fictitious, such as paper, affects the state of prices in proportion to its quantity."

Second.—The coin and current money in a country is a representative of all the labor commodities of it, so that "in proportion as there is more or less of this representation (money), there goes a greater or less quantity of the thing represented (commodities) to the same quantity of it."

These extracts show that the form of the doctrine that prices are affected by the volume of money, as held by those who believe it, has never related to the money of ultimate redemption (as now contended in "Coins' Financial School" and other free-coinage productions), but always the whole volume of money effective in the market as a means of buying.

Henry D. McLeod is so emphatic in making the money which affects prices cover all kinds, that he defines

“money” itself as including every form of exchangeable credit and avers that all coin is only a form of credit money.

Hence the new and altered statement of the doctrine so as to confine it to gold, indicates that those who forge this change know that silver coinage has, since its demonetization, been inflated instead of diminished, and that the fact that prices of commodities have not risen (if they have not) would prove the doctrine false. It would show that the most enormous inflation of silver which has ever occurred has been powerless to stay a fall in prices.

Third.—And now for the reasons why no one economist of note at the present day regards prices of commodities of any kind as being ever in any appreciable degree affected either by relative supplies of gold and silver, or by the quantity of coined money, or of paper money, or of both in use, any more than the length of cloths is diminished by an increase in the number of yardsticks available for measuring them.

Mr. Stephen Colwell of America in a work which Henry C. Carey regarded by far as the most valuable work ever written on money (*Ways and Means of Payment*, page 566), states the modern view as follows: “It is utterly unsafe, therefore, to infer that a currency is in excess because prices have risen; or to conclude, if a currency is in excess, that prices must rise; or, if they have risen, that the rise is in consequence of that excess or that there can or will be any fixed proportion between them. It will be found not infrequently on close inspection, that a rise of price has preceded and been the cause of an increase of money, but, as the former is generally first known, and the latter slowly ascertained, the order of cause and effect is reversed in the mind of most observers.”

The discovery of the American treasures and mines by the Spaniards in the 16th century is the event most closely associated in the public mind with the rise of prices in Europe. Mr. Colwell cites the Marquis Garnier’s statement

of the economic rationale of this event in *Histoire de Monnaie*, Vol. I, Ch. IV, Page 47. He says: "The gold and silver of America, obtained with an amount of labor five or six times less than that hitherto required to produce them, and collected in such quantities as to satisfy the demand of all consumers, have cheapened the old gold and silver of Europe and other parts of the world and brought them to the level of the new product. . . .

"This gold and silver, obtained so cheaply from countries till then unknown, have attracted, by their low prices, millions of consumers, who, but for this circumstance, had never thought of possessing them. The sphere of their consumption is prodigiously increased, and to fill it a corresponding quantity of gold and silver is required. After this revolution, no further superabundance has resulted in their production; they have taken, in the scale of values, the new place assigned them by the nature of the mines of which they are the product. This change took place in the first century after the discovery of these mines. The gold and silver of Mexico and Peru had not been sold more than fifty years in the markets of Europe and Asia, before this revolution in their value had been entirely accomplished. Since that two centuries and a half have elapsed, during which time there have been imported into the Old World more than \$5,613,000,000 (*trente milliards de francs*); this vast importation has had, upon the price of the precious metals, no influence."

The facts on which Marquis Garnier bases the above conclusions are concisely put by Humbolt in his work on "New Spain." He estimates the receipts from American mines up to the year 1500 at not over \$250,000 yearly but as having grown to nearly \$40,000,000 in 1810; that is as 1 to 160. In the period from the fifteenth to the sixteenth century, general prices were enhanced 24 per cent. while the whole stock of money had increased 380 per cent. In the seventeenth century prices advanced 80 per cent., whilst the stock of coin increased 875 per cent. In the next, or

eighteenth century, prices rose to 190 per cent. whilst the stock of money was increased 1,120 per cent. Upon these facts Mr. Stephen Colwell says: "So little do general prices appear by this statement to obey any influence arising from the increased stock of money that it seems doubtful if we should allow any portion of the actual advance to go to that account."

Mr. Thomas Tooke's "History of Prices," considered as a presentation of original evidence, is among the most valuable economic works ever published. It traces a period of many fluctuations in price, and of great changes in the quantity of currency, and its chief aim and result are to show that from 1793 to 1839 in not a single instance were the changes in price due to any circumstances relating to the currency, but that in every instance they were due to circumstances relating to the production of the commodity only. He condemns as wholly erroneous the resort to the currency for solution of the phenomena of prices. In 1840-41 Mr. Tooke and numerous English bankers were examined before a select committee of the House of Commons on the question "whether prices were affected by the volume of currency" and their testimony was as unanimous as economic testimony can ever be, that it was not. It is hardly worth while to go further in interrogating the free-coinage position. Its assumption that the volume of money has been diminished is untrue. Since 1873 the volume of silver money has been rapidly increased; its assumption that prices are governed, in the estimation of any economist whatever, by the volume of money of final redemption is untrue. Those economists who have held that volume of money could affect prices at all have all held that the volume of money which is effective at least covers all coined money; many would add all bank-notes and paper money which circulates at par; and still others extend it to all exchangeable credit; finally, the opinion that prices are affected by volume of money is a discarded and obsolete notion overruled by a weight and harmony of economic

authority that is irresistible. The power in money, that has increased since 1873, is like the increasing power of organized capital relatively to individual labor. Money, in the sense of capital, does more work in proportion to its volume, exchanges more goods for every dollar used and, in this sense and for this reason, has risen in power relatively to commodities, and probably more rapidly than labor, though labor until 1892 had made a marked rise in the same period. Free silver coinage, if it should be enacted, would be of most service to those who already command most means of making it serviceable. It could not act as a panacea to make the poor rich or the rich poor.

A Colonial Experiment in Communism.

James I., by the Grace of God, King of Great Britain, France and Ireland, Defender of the Faith, etc., was a great Latin scholar. He could speak it better than English. This is not such high praise, as His Royal Highness was a Scotchman born and bred. He was what someone has very irreverently termed "The most learned fool in Christendom." Besides all that the above implies, he was the boss of his time, the true forerunner and prototype of the class which afflict us in this nineteenth century. His ministers were mere clerks without power, although not without responsibility. They took advice and directions from him.

Sir Thomas Moore wrote his "Utopia" in Latin. Books were then a luxury which only the rich and great might enjoy. The "Defender of the Faith" must have been a great admirer of Sir Thomas, for he tried to make Virginia a second edition of Utopia.

In the celebrated sealed box which James gave to Newport, was a set of instructions to guide the President and Council in the management and government of the colony. In spite of the lesson of the failure of Christoval

Colon's colonies, "until he made every tub stand on its own bottom," the colonist had food, clothing, medical attendance, shelter, and profits promised him for the first five years in return for his labor. All he produced went into a "common store," and all he needed to make life comfortable or even tolerable, was to be supplied to him from it. So a Communistic Argosy arrived in Virginia in charge of Newport, April 26, 1607. Virginia was well-known at this time. Raleigh's attempts had taught Gosnold and others many valuable lessons. The council had absolute power, not only over the lives, but, what is of more consequence to our purpose, over the stomachs of the colonists, and they had a free field and friendly neighbors, for the Indians were state Socialists too. All the conditions favored success. No rabid Communist ever imagined a set of circumstances more favorable for a full test of his schemes. The "common store" was set up and the common goods (in this case everything the colonist owned, even to the coat on his back), put into it.

And right here, at this early stage of the proceedings, the "woolly head" makes its appearance above the woodpile. The common goods were bought in England by Treasurer Smith (no relative of Captain Smith). This gentleman resigned his office in disgust when requested to give an account. The supplies were of a very inferior quality. The barley was decayed, and the pick-axes bowed at every stroke. Captain Newport sold them to the passengers on the way out, and while looking for a place to settle, put the money in his pocket. When put in the "common store" the officials in charge were so careless that the rain spoiled and the rats destroyed much, and these same officials stole all they fancied.

As soon as the colonists saw the situation, their one aim in life was to get as much as possible out of the "common store." They fawned, bore false witness, stole, and fired it twice with that end in view. Their next seemed to be to put into it as little as possible. It must

be admitted that there was much to offer in excuse for these two aims. Rations were served out alike to all. The President alone was entitled to a double allowance. In this respect, and with this single legal exception, the "common store" was like the sun, it served the lazy as much as the industrious, as the sun shines on the evil as effulgently as it does on the good. Industry had no reward, and, the history of the times show, as little encouragement.

After Newport's departure in June, 1607, a sudden and unaccountable sickness prevailed. The colonists unanimously and solemnly asseverated that they could neither "goe nor stand." Dr. Wootton was at his wits' end. He could not diagnose their cases at all. With no outward or usual signs of disease and with robust appetites, a sudden palsy seized their limbs at the time the different gangs of workmen usually started for their daily labors. Strange, passing strange, was their sickness! The mediæval historian keeps a straight face while recording it, but we have to hold our sides while reading about it. And this came and went for twelve long years, while the "common store" existed, and then disappeared and left no trace. "Being thus left to our fortunes, it fortunèd that within ten days scarce ten amongst us could either goe, or well stand, such extreame weaknes and sicknes oppressed us!" "And thereat none need marvaile, if they consider the cause and reason, which was this: whilst the ships stayed our allowance was somewhat bettered by a daily proportion of biskit, which the saylers would pilfer to sell, give or exchange with us for money, sasefras, furnes or love." "But when they departed there remained neither taverne, beerehouse nor place of reliefe, but the common Kettell." "Had we beene as free from all sinnes as gluttoney and drunknesse, we might have been canonized for Saints. But our President would never have beene admitted for ingrossing to his private Oatmeale, Sacke, Oyle, Aquavita, Beefe, Egges or what not, but the Kettell."

This eye-witness does not lay the blame on the weather, as Bancroft did so learnedly about 250 years afterwards. Bancroft says sleeping on the "cold, bare ground" was the cause of the trouble. Where can you find "cold" ground near Jamestown in June? A cold will develop, and so will a fever, in less than a week. The exposure was greatest in April, and the effects must have appeared long before June. Starvation soon followed extravagance and laziness, and fifty died of it before September.

We have in the foregoing the history of Jamestown for the next twelve years: Theft, laziness, extravagance, starvation and death; a constant but unsuccessful effort on the part of the government, in whatever form, to make the colonists work, and a constant and successful effort on their part to evade it, even at the certain prospect of starvation and death.

Corn was the staple food at this time. When the colonists were searching for a suitable place to settle in, they saw great fields of it near "Kecoughtan." Smith was sent to get some by trade, and was quite successful. From this time till 1616 the colony raised very little in their common fields, but depended on the Indian trade to supply what they needed. While Smith remained with the colony, he secured enough, "yet what he carefully provided the rest carelessly spent," and chronic poverty was the common lot at Jamestown.

A period of great confusion and suffering followed, till Smith's accession to the presidency in 1608. Percy was sent on a fishing expedition down the bay, but returned empty-handed and disabled by an accidental explosion of his powder-bag. The truth is he punished some for laziness and had his powder-bag fired in revenge. Smith was afterward disabled in the same way and from the same cause. This taught Percy a lesson that he never forgot while in Virginia.

When he was afterwards sent on a similar expedition

he returned empty-handed, but with a whole skin, and when he was left in charge of the colony in 1609, he saved himself a second time at the expense of over four hundred of His Majesty's subjects who died of starvation, resulting from the anarchy and extravagance which had prevailed. Some tried to run away from the colony but were defeated in their efforts by Smith. Then they tried to destroy him. His capture and captivity by the Indians was one of the results of the machinations of his enemies. He escaped them all, and his influence in the colony and with the surrounding Indians increased daily. He was the breadwinner of the colony, and to the Indians he was the medicine and war-chief of the whites, a man who could raise the dead, and that it would be madness to provoke. When he became president, the drone had a hard time of it. "No excuse could prevail to deceive him." And yet his exactions were not severe or unreasonable. Eight hours was the working day, and a half-holiday on Saturday. However, the majority grumbled, and Indians, Dutchmen, Poles and English sought his life with a zeal that overleaped all barriers of race, religion or condition of servitude. This was the golden era of the colonial communism. A public record of each man's industrial standing was kept, and the drones were banished. Newport's thefts were stopped too.

This continued for a year or more till Newport's influence changed the form of government in order to get Smith out of the way. The change took place in 1609. After the successful attempt on his life which left him in an unfit condition to manage the "unruly gallants" at Jamestown, Smith handed the reigns of government to Percy and started for England. The famous "starving-time" followed.

I learned the fact long before I understood the cause. A perusal of Smith's history, almost the only authority on this period, made it all clear. It was not a result of the ignorance of the colonists nor of an unfavorable season, but of laziness and extravagance.

"Leaving us thus with three ships, seven boats, commodities readie to trade, the harvest newly gathered, ten weekes' provision in the store, foure hundred nintie od persons, twentie Peeces of Ordnance, three hundred muskets, Snaphances, and Firelockes, Shot, Powder, and Match sufficient, Curats, Pikes, Swords and Morrids more than men, the Salvages, their language and habitations well known to an hundred well trayned and expert Soldiers; Nets for fishing; Toolles of all sorts to worke; Apparell to supply our wants; six Mares and a horse, five or sixe hundred Swine; as many Hennes and Chickens; some Goats; some Sheep."

How could they consume all these things in less than five months? Here was a whole hog apiece, to say nothing of the ten weeks' provisions, the chickens, horses, goats and sheep. Then, with the materials on hand, the Indian trade should have supplied plenty of corn. The facts are, however, that when Sir Thomas Gates arrived in May, 1610, everything had disappeared, and only sixty half-starved wretches were left out of five hundred.

Lord De La Warre arrived in June, 1610, when Gates was about to abandon the colony.

The Lord of the Warre put on great style, and reduced the working day to six hours, and yet the drones were dissatisfied. When his party was anchored within the capes after his arrival, they were able to catch enough fish in two hours to supply the whole company and make a present to the Indians besides. All this before these foreigners became acquainted with the ways of the country. After his lordship's arrival at Jamestown, in the midst of the dearth of flesh there, he remembered the plenty of fish he had seen in the bay. So he sent Captain Tindal and a party, with a few old settlers in it, to fish for the benefit of the colony. Tindal, like Percy, returned empty-handed. He could get enough, however, to supply his own company, but not one to bring to the "comon stoor." Singular, wasn't it? Had the old settlers frightened them with

their lean looks, had the fish struck, or had the sea serpent been around since Lord Delaware fished there?

The Indians refused to sell their corn, and when the governor stole it from them, they moved away from the neighborhood of Jamestown and planted elsewhere. Then he raided every corn-field he could find and in one of these raids he lost four killed and narrowly escaped the same fate himself. In a short time his lordship tired of this kind of life, and went away for his health. He left the government in Percy's hands, as Smith had done.

When Sir Thomas Dale came he found the people at their daily and usual work of bowling in the streets. This he stopped and tried to get them to work. He was not a man to be trifled with, and when the drones got up a meeting he made a terrible example of eight of them. He gave the colony a holiday to witness their punishment. They were taken out at sunrise and each nailed to a tree by his right ear. Then they were gagged with a bodkin through the tongue. They were left in this condition all day and hanged at sunset. This stopped all open rebellion, but did not make the corn crop any larger. The supply was eked out by what he could steal from the Indians.

Sir Thomas tired of this, too, and in 1614 assigned three acres each to the deserving, and gave them time to cultivate the corn. All raised on this three-acre farm belonged to the occupier. This was so successful that he let them have fifty acres next year, and from this time forth the colonists not only raised enough to supply their own needs, but the Indian needs as well, thus reversing the condition of things in the early years when the Indians supplied them. From this time the Indians gave up the cultivation of corn, and bought enough for their wants by the proceeds of hunting and fishing. The "comon stoor" disappeared in 1619 in a very characteristic manner. Governor Argall stole everything in it.

The above is history, and not a dream. Few have appreciated its importance, socially or historically. Bancroft

gives a few lines to it while he devotes pages to Pocahontas. Not so, however, with Chief Justice Marshall. He wrote at length upon it in his life of Washington. What does it prove economically? Space compels me to draw the conclusion briefly. It is, that communism or state socialism, or whatever other name you choose to give to the social conditions described above, is not suited to human nature. The same class of people that starved to death rather than work, before 1616, prospered under precisely similar conditions after 1616. The government was a strong one, and exercised its powers to no purpose. Smith's vigilance, wisdom, and example, saved them from starvation for a short time. Still he only succeeded in making thirty or forty out of 200 do any work. His life was often assailed and constantly in danger. The Indians around them under almost the same social conditions raised plenty of food, but the work was nearly all done by women and children. But the Indians had no "comon stoor," and public opinion sustained the withdrawal of fire and water from the drones.

No matter how we arrange it, the annual product of any community consists of the sum of the individual products. The steadier the application of the individuals, the more this will amount to. It needs no testimony to convince a person in the possession of his senses of the truth of the proposition that a man works hardest when working for himself. The colonial experiment at New Haven, the modern fiascos and "starving bees" at Topolobampo, in Mexico, and at Freeland in Africa, tell the same story. All human experience proves this; it follows, then, that the annual product of that community will be larger when each individual thinks he is working for himself, than when the product of his labor is taken from him and put in a common store, or stock, which is to be distributed to the individual, without reference to what he has put in. Applying the same principle, any deduction from the common stock by taxation to supply wants which the indi-

vidual has the power to supply by his labor, lessens the aggregate product and makes society poor.

The Defender of the Faith was of some use, after all, for he has proved conclusively that individualism is better than communism and not by arguments either, but by facts.

The Secrecy of the Legislation Against Silver.

To expatiate at great length upon the question whether a collateral fact is true or not, when the only ground on which its truth or falsehood has any importance is its presumed connection with some primary hypothesis which is itself an error, is often interpreted as admitting the truth of the main error which gives importance to the collateral fact. Mr. R. G. Horr devotes five columns of the *Tribune* to attempting to prove that the act of 1873, dropping the standard dollar from the American silver coinage was widely known by those who participated in passing it to be an act which would have the effect of suppressing the further coinage of the silver dollar by law and of changing the unit of American coinage from the silver to the gold dollar. He has made a trip to Washington to dig up from original sources and from the *Congressional Record* how many times the act was printed, and therefore, how well it must have been known.

The point is a false point. The *Record* often does not contain what Congressman say, but what they wish their constituents to think they said. Few read speeches in the *Record* except those who make them, and they are doctored, padded and substituted so that all that they prove is notice to such persons as read it, which is proving nothing. The point is only made material on the false assumption that it was the American act of 1873, which disastrously affected the value of silver. If the fact was that the act of 1873 could never at any time have affected the value of

silver, then it is immaterial whether only one man or all mankind knew of it. But in fact Mr. Horr will be technically beaten in any attempt to prove that a great many persons knew of it, because so little interest was felt in silver in America in 1873 that it could not be forced upon anybody's attention by any amount of effort. In 1873 the silver in the standard dollar was still worth more than the gold in the gold dollar. Though the premium was receding it was not yet off and this was sufficient to prevent any person from offering it for coinage. This had been true for the twenty years preceding 1873, and also for the twenty years preceding 1834. Hence during about half the existence of our government the privilege or right of freely coining silver had been worthless, and it was still in 1873 currently expected that this worthlessness would continue. Hence nobody stood guard over it or cared for it.

The trade dollar which the act of 1873 provided for coining, in lieu of the standard dollar, was in a still worse plight for circulating in the United States as it contained still more silver (420 grains) while even the standard dollar contained about twenty more grains than would have brought its value down to that of the gold dollar. It is true that Germany had begun to change her coinage in 1871 but this event had not yet affected the market in a degree to take from silver its premium, and did not so affect it until France stopped its free coinage in 1874. The reason the stoppage of free coinage by France in 1874 affected the price of silver, while the act of 1873 in the United States did not, was that France, when she stopped, was being offered Germany's discarded silver at the rate of 852 tons per annum for free coinage, whereas at the time the United States passed the act of 1873, she had not been offered a pennyworth of silver for coinage in twenty years. What she had coined had been coined by the mint itself from European silver received in the collection of duties in order to get the benefit of the fact that in our ratio of 16

to 1 we valued silver lower than Europeans did in theirs of $15\frac{1}{2}$ to 1.

Meanwhile the fall in silver had gradually made it profitable to coin the trade dollar. This had been made the substitute for the standard dollar in the act of 1873 in two respects, *viz.*: it was legal tender (in sums not exceeding five dollars) and it was given free coinage. This free coinage of trade dollars continued subject to partial suspension in October, 1877, until the limited coinage of silver was provided for in the act of February 22, 1878, which restored the standard silver dollar, made it full legal tender and provided for its coinage at \$2,000,000 worth per month. There was, therefore, no actual suspension of coinage of dollars of some kind except for the five months from October, 1877, to February, 1878.

The actual coinage of trade dollars during this interim in the standard dollar was, in millions of dollars, in 1873, 1.2; in 1874, 4.9; in 1875, 6.3; in 1876, 6.2; in 1877, 13.1. The offers of coinage increased rapidly as silver fell, and the subject first assumed importance in 1876.

On March 30, 1876, the famous cross-examination of Senator Sherman by Roscoe Conkling occurred, which has furnished support ever since to the charge of the free-silver party that the act of 1873 when passed was but little known or noticed. This is true. It was not, however, because Wall street and the creditor class were laying a deep plot to wrong the debtor-class by adopting a dear dollar. For in 1873 silver was still the dear dollar. At that time and for the six years previous, Wall street and the New York bankers had been desiring to substitute gold as the unit for silver, as will be shown in this article. They were, therefore, laboring for the cheap dollar.

The rate at which silver was offered for free coinage into trade dollars in 1877, was so great that we had before us the immediate prospect of being asked to step into the shoes of France, by being made to coin up all of Germany's old silver. From this dilemma we sought to re-

cede by passing the Bland-Alison law for coining \$2,000,000 worth per month and so suspended free coinage of trade dollars in October, 1877. This, therefore, was the first suspension of the free coinage of silver in the United States. The act of 1873 had substituted the free coinage of trade dollars for the free coinage of standard dollars. When the free coinage of trade dollars was becoming a source of labor to the mint, a bill was introduced to suspend the legal-tender quality of the trade-dollar. It was on the debate on this bill that on March 30, 1876, Mr. Conkling put to Senator Sherman this direct question: "Is it true that there is now by law no American dollar? and if so is it true that the effect of this bill [to take away the legal-tender power of the trade dollar] is to be to make half-dollars and quarter-dollars the only silver coin that can be used as a legal tender?"

Mr. Sherman answered that there was no such dollar now, but that in his opinion the power to coin the silver dollar had ceased, not by operation of the act of 1873, but twenty years earlier by operation of an act passed in 1853.

That there was the motive of secrecy which the free silver party now allege, *viz.*: that the moneyed class were trying to secretly and furtively force a dear currency on the debtor class, is rendered impossible and absurd by the fact that gold was then the cheaper of the money metals. It was the one in which, on all human calculations, it would continue to be to the advantage of the debtor class to make their payments, if any serious parting of the metals should occur. The act was secret only because it was felt to be so inoperative and vacuous at the time that no proclamation of it on the housetops could secure anybody's attention to it. But that it was secret, through the worthlessness of the privilege of coinage it purported to give, admits of no denial. Gen. Francis A. Walker, the representative of the United States at the Paris conference in 1878, told that conference that it was so quietly passed that he did not know of it. Mr. Hooper of Massachusetts, who reported

to the House the very act of 1873, which was afterwards discovered to have destroyed the legal-tender power of silver for more than five dollars, voted in 1874, along with ten other Massachusetts representatives for a joint resolution of Congress declaring that "nothing but gold *and silver coin* of the United States should be legal-tender in payment of public debts." This shows that Hooper did not know in 1874 that he had aided to disestablish the silver dollar as legal-tender by his own act. President Grant wrote a letter and sent a special message to Congress recommending the creation of new mints sufficient to enable us to coin up silver dollars enough to aid the country in resuming payment of its notes in coin. This message clearly showed that the mints then existing were inadequate to coin up the bullion that was seeking coinage into trade dollars; that Grant had not noticed that the coinage of full legal-tender dollars had been stopped by the act of 1873 though he had signed it, and that no public sentiment had yet arisen which made it questionable whether a payment of the debt in dollars coined of silver would violate any standard of national honor.

The actual passage of the act of 1873 did not affect the price of silver at all. Its lowest London price was 57 7-8*d.* in 1873, and 57 3-8*d.* in 1874, a stationary figure. But the publication to the world through Conkling's debate with Sherman on March 30, 1876, tumbled the price of silver from 56*d.* to 48*d.* per ounce. Fawcett, in his "Manual of Political Economy," pp. 495, says that this was the fall which occurred between January and July, 1876. In fact, the whole of this fall occurred immediately after the publication of Conkling's debate, on March 30, with Sherman. The publicity of the fact, in March, 1876, that the United States had abandoned silver, must be held to have had even more effect on the price of silver than the cessation of silver coinage by France in 1874. Unless some other cause for the great drop in April, May and June, 1876, can be shown, it must be attributed to the unearth-

ing of the fact first laid bare by Conkling on March 30, 1876.

A word to prove that the preference for gold which has been manifested by the New York bankers was not originally a desire for dear money, but for cheap money. Its first manifestation was at the Paris International Monetary Conference of 1867. An ounce of fine silver was then worth more than \$1.35, while its coin value in American dollars was less than \$1.30. In that conference, Samuel B. Ruggles, of New York City, represented the United States, with and behind whom co-operated Senator Sherman, then chairman of the Finance Committee. Mr. Ruggles ardently advocated the total demonetization of silver (the dear metal) and the adoption of an international monometallic system based on gold only. This was four years before Germany took any step in that direction, and six years before the passage of our act in 1873. What induced Ruggles to take this attitude is hard to define, as there had been no debate in America to justify it. It could not have been from any supposed doctrine of honor requiring payment in the dearer metal, as that doctrine at that time would have led to the adoption of silver instead. All of our statesmen up to that moment had been bi-metallists.

When the conference of 1878 was called, silver had become the cheaper metal, and in that body, the United States were represented by three bi-metallists, Ex-Gov. Reuben E. Fenton of New York, Mr. Groesbeck of Ohio, and Gen. Francis A. Walker of Massachusetts, all expressly instructed by Congress to demand exactly the opposite of what Ruggles had asked in 1867. They asked "a common ratio between gold and silver, for the purpose of establishing internationally the use of bi-metallic money, and securing fixity of relative value between those two metals." The foreign delegates in the conference of 1878 twitted the delegates from the United States on this change. Mr. C. Feer-Herzog, Past Presiding Minister or acting Presi-

dent of the Swiss Republic, was the delegate for Switzerland to both conferences, and in that of 1878, he said : "In the conference of 1867, the United States showed themselves warm supporters of the gold standard. It was they who led the campaign in favor of gold. To-day the situation is reversed. It is they who take in hand the cause of silver." In two aspects, however, this involved, when properly sifted, no inconsistency on the part of the United States. Mr. Ruggles represented New York City and Wall street, which were in favor of gold when it was the cheap money, and have reversed their arguments, but continued their attitude, after gold became the dear money. When gold was the cheap money, Wall street advocated gold because it was the cheap money. This shows that Wall street did not set out as the foe of debtors. But, like England in 1816, Germany in 1871, and all governments which make monetary changes, it set out to move toward the cheaper metal. By an accident in finance, gold became the dearer. Wall street continued its attitude, though the reason for it had disappeared. Meanwhile in another respect, the United States were consistent: that in both these conferences it appeared as the advocate of the cheaper metal, and of that of which its miners were the largest producers in the world.

Editorial Crucible.

WITHOUT ANY clearly defined cause an active rise has occurred during April in the prices of wheat, beef, mutton, petroleum, nearly all the principal railway shares and industrial stocks. The psychological cause is the favorite one, *viz.*: that the minds of men had got tired of falling and stationary prices. They have combined to feel buoyant, because, like the mourners at a funeral, they have got out of grief and cannot weep any longer. Another explanation is that Congress adjourned on March 4, and that the market took a rise because it became known that legislative conditions would be stationary for the next two years. The revival in prices had been felt in London, Paris and Berlin for several weeks before reaching New York. Wages have been raised in a few furnaces in Pennsylvania and in the cotton mills at New Bedford, Fall River and other parts of New England. This is alleged to be on account of the profits made possible by the low price of raw cotton, which is down to five cents a pound.

COLONEL WARING, Mayor Strong's Street Cleaning Commissioner, has given conclusive evidence that he has mistaken his calling. He is the special pet of the *Evening Post* and consequently has the natural amount of "big head." He began by denouncing the trade unions and calling their leaders a set of incompetent loafers who were injuring the public by trying to keep wages high. Seventy-five cents a day is plenty, he thinks, for laborers working for the city and but for the interference of these trade union loafers, he could easily obtain them. Of course, this suited the *Post* to a dot and it came to his defense with a column editorial in high praise of this cheap labor official. Yet this same commissioner was riding around in two-horse hacks at \$12 and \$13 a trip and charging it to the city even before he took office. Now, he feels called upon to turn his surplus powder upon the Grand Army. They, too, are

loafers and bummers. Such an inflated, meddlesome, rattle-headed egotist as this should be immediately relieved from duty. It is an offense against public intelligence, ordinary decency and good manners to retain such a person in public office so long as we pretend to have representative democratic institutions. Under any autocracy he might be in place. But in the meantime he should be transferred to a position on the *Evening Post* where his firecracker impudence would be rendered harmless.

THE MOST important economic event of the month has been the adverse decision of the Supreme Court of the United States on two features of the Income Tax law, and the even division of the court on the question of the validity of any part of the law. In the very worst event—that the court, when full, may sustain those portions of the law on which no decision has yet been rendered—the act will prove practically ineffectual. It will have only a mangled life,

And like a wounded snake drag its slow length along.

The decision that real estate and its rents are exempted from taxation will be fought over by all mining companies, manufacturing companies having real estate plants, mills, railways, gas works and all modes of business which draw their chief profits from a use of real estate or of machinery annexed to the realty. When all these and all bonds of states, counties and municipalities come to be exempted, there will be very little left of the law.

The public owes an immeasurable debt of gratitude to the Supreme Court for the incalculable service it has rendered to the economic interests of the whole country in suppressing at once and finally all direct taxation through federal authority. It is the true doctrine of the Constitution, but it had been so obscured by insensate and ill-reasoned decisions to the effect that a tax on carriages, plate, jewelry and salaries was not a direct tax, that it required

courage, vigor and conscience on the part of the existing Supreme Court to resurrect the true doctrine.

No decision ever rendered by the Supreme Court is more important than the still-imperfectly-rendered decree stamping out direct taxes by federal authority. To be sure, the court bungled badly in their economics in treating a tax on rent as direct and a tax on profits as indirect. But it has affirmed the principle that direct taxation by the federal government is unconstitutional, which is a fatal blow to direct taxation. It only remains for economists to make clear to the public and the court what the true distinction is between direct and indirect taxation.

IT ALMOST begins to look as if victory would prove too much for the Republicans in this state. The condition of New York Republicans in 1895 is unpleasantly similar to that of the Democrats in Washington in 1893-4.

The chaos and ultimate discredit of the 53d Congress was largely due to the fact that the majority party was composed, not of Democrats who were bound by general recognized party policy, but by the result, compromise and fusion with those with whom they had little or nothing in common, except desire for office. The result was disagreement among themselves, discredit to the party and dishonor to the country.

The legislature at Albany has some similar characteristics, not that the majority party in the legislature is made up of discordant factions, but the discord in this case is between the city and the legislature. The city election was a Reform election, which meant anything and everything in general and nothing in particular. To the *Evening Post*, Reform meant filling the offices with free trade mugwumps selected by a civil service arrangement, the machinery of which should be in mugwump hands. To the Grace Democracy, Reform meant downing Tammany and handing the machinery over to the Pharisee Democrats as

represented by Grace, Cleveland and Carlisle, in comparison to whom Croker, Grant & Co. are respectable. Mayor Strong was elected by a deal with these factions, and the consequence is that there is very little harmony between the legislature, which is Republican, and the city administration, which is a mixture of Tiger, Lion and Lamb. In this muddle of factions, like Mr. Cleveland, Mayor Strong seems to regard himself as superior to his party, and hence responsible to nobody. He looks upon himself as the saviour of the city and is, thereby, in great danger of defeating the real results of the election. Indeed, it almost looks as if Mayor Strong's election was going to demonstrate the truth of the common belief that fusions are useful only for the purposes of election, but usually disastrous for the purposes of good administration.

If the new city government had been Republican, Mayor Strong would have felt responsible to the Republican party for his administration, and the Republican party, like the Tammany party, would properly have been judged by the results. But as it is, the Mayor fancies himself superior to all parties and responsible to none, and before he gets through, will probably demonstrate to the public satisfaction that he was a failure—for which, of course, the Republicans will be blamed and Tammany re-elected.

THE REINHARDT COMMITTEE, which is investigating the sweat-shop system and the condition of shop-girls, is doing a work scarcely less important than that rendered by the Lexow Committee. It is exposing a set of economic and social conditions which is gnawing at the very vitals of our social life and civilization. The work of this committee shows that, instead of abandoning the work of protection, our cities are furnishing a new field for the application of a protective principle of the highest importance.

There is a prevalent idea that protection is limited to duties on imports. Nothing could be more fallacious. If

there is any virtue in the doctrine of protection, it is that the collective powers of the state should be used to protect the opportunities for improving the industrial and social conditions of the people and advancing the quality of our national civilization. There are no influences at work in this republic that are more inimical to the material and social conditions of the masses and the general character of the republic than the sweating system, tenement-house system and shop-girl system as represented in New York and other large cities. They are poisoning the very springs of social advance. Protection against these evils is quite as important as protection against the importation of cheap labor products. They are of the same character and more subtle, but quite as pernicious in their effect upon the quality of our society and civilization.

The Laissez faire pleading, such as was presented by the New York *Sun* and Henry George in defense of the vile Trinity tenements, on the ground that to prohibit their use is an interference with liberty, is the doctrine of anarchy. It may do for professional free-traders, but it should find no countenance with those journals and statesmen who profess to believe in the doctrine of protection. It ought to be a part of the protective doctrine that the widest opportunity shall be given for all forms of productive enterprise and profit-making which contributes to the public welfare—namely, by giving cheaper or better services without employing the debasing conditions which lower the wages and undermine the health and social life of the people. On the same ground that we would prevent the importation of pauper-made products, because they destroy the industrial opportunities of our own people, we should prevent pauper-creating conditions which do the same thing at home. For the same reason that we forbid the adulteration of food or the sale of poison and the use of defective plumbing, we should forbid the occupation of unhealthy and demoralizing tenements; for the same reason that we limit the hours of labor for women and chil-

dren in factories and insist upon inspection and sanitary conditions, we should prohibit sweat-shops and health-deströying conditions in mercantile establishments. In short, no property should be permitted to be profitable and no business conducted in this country, whose success depends upon undermining the health, material welfare and social conditions of the people.

The revelations of the Reinhardt Committee show that these sweat-shops are precisely of that character. The hours of labor and the conditions under which the people work, are such that should not be tolerated an hour in this country. If the business cannot succeed without that, it had better die. Such a business has no more right to exist in this republic than has chattel slavery. We had no hesitation in saying that if the Southern planters cannot succeed without slavery, they must fail. We should have no hesitation in saying that if the sweat-shop capitalists cannot succeed without the degrading conditions under which they now exist, they, too, must fail. Their departure from American cities would be a real contribution to our civilization.

This special pleading about the hardships it would inflict upon the laborers presented by the representatives of Trinity Church for the tenements; by the sweat-shop capitalists, and by the merchants about the shop-girls, is the old plea in favor of slavery in the interest of the slave, and degradation in the interest of the degraded. The community should judge them only from the stand-point of their benefit to the community. The present legislature is Republican and Protectionist. If its Protectionism and its Republicanism stand for anything, it should have no hesitation in suppressing sweat-shops, and putting the mercantile establishments definitely under the factory law, subject to the regulation of factory inspection.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

BANKING.—*Is Sound Finance Possible Under Popular Government?* By John Bach McMaster in *The Forum* for April. This article affords more proof that sound finance is not than that it is possible under popular government, though its title and assumptions are to the contrary. Still there has been very much more sound finance in the United States than Prof. McMaster in this hasty sketch indicates, or than, judging from this article, he sympathizes with.

CLASSES, PRODUCTIVE AND STERILE.—*Quesnay's Tableau Economique*. By Stephan Bauer in *The Economic Journal* (Br. Econ. Assn.) for March, 1895.

The translation and elucidation by Bauer of this long-lost and lately recovered document, is an event of interest in economic research, though the doctrine contained in it had been known in substance. As now elucidated it shows greater power of abstraction than of either economic insight or observation. As an attempt to evolve a theory of national prosperity, it is worthless. As an attempt to distinguish in production between the agricultural classes as productive, and the manufacturing and other classes as sterile, it is wholly false. As an effort to unfold the relations which the expenditures of each class in society sustain to the revenues of the other classes, it is as grotesque as Crusoe's boat in comparison with a modern ocean greyhound. The theme itself, however, *viz.* the economic relation and relative productivity of different classes of population in a country, is of the very first importance, complexity and value to economic science if properly developed, which perhaps has never been done.

Quesnay's singular conceit that the compensation paid

for the use of working space, *viz.*, rent, is the one fund the distribution of which among the various classes determined whether society would increase or decline in wealth, needs to be supplemented by a view of the effects of the distribution among the various other classes of the compensation paid for the use of working time (wages), which is at least twice as great and oftener three times as great as the rent-bill. The further distribution of interest or the compensation paid for the use of working capital is also of the utmost importance, as is also the further distribution of profits or the winnings of fortunate enterprise.

Out of such analysis cannot fail to grow a theory of relative utility of classes to society, and also a theory of the degree in which relative utility corresponds to relative rewards or earnings. This last becomes a theory of social justice, than which no goal can be more worthy the labors of economists. Accordingly as we determine this question do we become optimists or pessimists. The study of Quesnay's "Tableau Economique," therefore, though it will hardly appear to many to be good work in itself, may stimulate good work in others.

ELECTRIC TRANSMISSION.—*A Twelve-mile Transmission of Power by Electricity.* By Thomas H. Leggett in *Cassier's Magazine* for March. The writer says that near Genoa, Italy, a continuous current plant was recently installed, transmitting 300-horse power over a distance of eighteen miles at that place. The Westinghouse E. & M. Company transmitted 150-horse power three miles, successfully operating the forty stamp mills of the Gold King Mine, and by the addition of an 800-horse power generator, it now transmits a current eight miles to a 250-horse power motor driving a 120-stamp mill, leaving an excess of power to be utilized on other mills. At Hartford, Conn., 300-horse power, transmitted eleven miles, is used for driving railway machinery. At Bodie, Cal., the fuel bills when using wood at \$10 per cord for driving by steam a 20-stamp mill for crushing and amalgamating fifty tons of ore per day;

were \$2,000 per month. To reduce this cost of motive power, resort was had to the transmission by electricity of a water power twelve and one-half miles distant. The chief obstacles were the tendency of the electric power to escape through imperfect insulation, the great burden laid on the higher poles in carrying the wires over the steep ridges of the Sierra Nevadas, and the liability of the poles to be covered by the enormous snow-drifts. All these difficulties have been overcome and 120-horse power is successfully transmitted to a mill containing twenty 750-pound stamps, and the usual crushing and amalgamating machinery, at a daily saving over the use of steam, on twelve-hour runs, of from \$35 to \$40. This goes far to settle the economy of electric transmission of water power.

GOLD PRODUCTION.—By T. A. Ricard in *North American Review* for April, 1895. Mr. Ricard is a practical miner, having experience in Australia and California. He declares that Professor Suess is right in saying that gold-yielding districts are productive in proportion as they are new, and productive in smaller quantities, and at increasing cost, as they approach exhaustion. Europe in Dacia and Spain was once the great gold-producing region of the world, and Hannibal got the sinews of war out of the gold mines of Spain, which now contribute only a dribble. The director of the mint, in trying to controvert Suess has no accurate knowledge of the conditions under which the figures of which he writes were created. In South Africa the yield began in 1888 at 22.65 dwts. per ton; in 1889, 19.60 cwts.; in 1890, 13.36 dwts.; in 1891, 11.23 dwts.; in 1892, 10.20 dwts.; in 1893, 10.09 dwts.; in 1894, 9.86 dwts. He thinks Director Preston's estimate of the future production of the "banket" deposits in the Witwatersrandt is on a par with the fanciful estimates made in the fifties of the future yield of the California river beds. He denies Mr. Preston's allegation that "the production of gold was never so rapid as it is to-day." In 1851 California produced gold of the value of \$81,000,000,

and in 1853 the Colony of Victoria yielded over \$62,000,000. To-day California and Victoria produce an approximately equal amount, *viz.*, about \$13,000,000. He says, "It cost much less to obtain those combined eighty-one and sixty-two or 143 millions in gold, than it did to win last year the Randt's thirty-four millions." Mr. Ricard thinks the "mining engineer saturated with the brutal facts of gold mining and familiar with the conditions under which those statistics are created may venture to warn the community against the conclusion that a few figures are all that is necessary to an appreciation of the future of gold."

HOUSES IN CITIES.—*The Housing of the Working Classes in London.* By Edward Porrit in *Political Science Quarterly* for March. A careful analysis of what has been done in London by the city itself, by the Metropolitan Association, a capitalized stock company for promoting improved cheap dwellings; the Improved Industrial Dwellings Company, and the Waterlow Company, both formed on commercial principles, but with a social motive; the Peabody trust, the Guinness trust and the Marylebone Association. Some of these aim to pay no dividends, but to pass over earnings to the account of either more buildings or more interior comfort. All of them house about 100,000 persons.

HORSES.—*The Wanton Mutilation of Animals.* By George Fleming in *The Nineteenth Century* for March. An able argument that the docking of horses' tails is a form of cruelty to animals, as it disfigures the horse, exposes in the most obtrusive manner that nudity of which decency requires the concealment, and deprives the animal of his natural defense against flies. It should be forbidden by law, as has already been done in Massachusetts. The numerous societies for the prevention of cruelty to animals, in receipt as they are of large endowments and incomes, had better go out of business at once if they can do no better than be silent over this most barbarous custom.

Arabs, Bedouins, Tartars, Kalmucks and Moors, whom Christians suppose to be inferior in civilization, point to this custom with scorn in proof that Western Europeans neither comprehend the principles of decency nor respect the works of God.

Municipal Ownership of Public Corporations.—By M. J. Francisco in *The Engineering Magazine* for April. Mr. Francisco cuts into one of our college professors by showing that in a text-book for the use of schools published by such professor on p. 302 he states the cost of electric lighting when a city owns a plant at one-third less than when lights are furnished by a private corporation. As an illustration the professor cites the city of Rutland, Vt., and says the city there pays \$280 per lamp per year to a private company, which he says is a third more than the city could furnish the lights for. Mr. Francisco says he has checked every lighting bill paid by the city of Rutland during the period referred to, and that the city paid only \$89.40 per lamp per year, which is a good deal less than half the sum which the professor was estimating that the city could itself furnish the lights for. The other facts in Mr. Francisco's article should be read by all who think municipal ownership of manufacturing enterprises is the royal road to cheapness.

PRICES.—*Legislation Against Futures.* By H. C. Emory in *Political Science Quarterly* for March. A sensible analysis of the anti-option craze from the single standpoint that speculations in futures tend to differentiate the determination of prices into a distinct useful industry based on accurate data connected with the forces of supply and demand. In short, Mr. Emory denies that it is gambling. His article would have been stronger if he had investigated the economy of time and capital to the farmers, millers and consumers, by having a definite, uniform price fixed for them day by day, in accordance with which they can guide their own movements promptly as to selling, buying

or producing. There is also on these futures a transfer of money from the buyers for the consuming-class to the warehousemen for the farming-class, which reaches the farmer in the form of an ability to obtain advances on his crop before it can be marketed. This is in strong contrast with all manufactured goods in which the producer waits upon the consumer, and is willing through time-notes and credits to get his pay long after the goods have passed to their consumer and are in their ultimate use.

RAILWAYS.—*Economy in Railway Operation* (first paper). By L. F. Loree in *The Engineering Magazine* for April. The tendency of consolidation to reduce operating expenses is apparent on the face of the railway business. "In 1889 approximately 2,450 minor lines had been merged into thirty-three vast corporations, owning nearly one-half of the American railways." The entire 167,000 miles were still owned by 1,705 companies, but the operations of these were controlled by 436 organizations. This effected such a reduction in highly paid officials that fifteen Western companies, operating one-fourth of the mileage of the country and employing 170,657 men with a total payment of \$107,888,697, disburse in salaries of \$5,000 and over per annum only \$1,205,151 or 1 1-10 per cent.

American locomotives in 1883-1895 averaged 23,928 miles each per month, while those of the United Kingdom averaged 18,362 each per month, and those of the Continent 15,096 miles each per month. In 1894 the locomotives of the Pacific Railway reached the high average of 28,859 miles each per month. In the United Kingdom 8 tons of car and load divide in the ratio of 5 tons of car to 3 tons of load, or 1 of car to .03 of cargo. In the United States in 1882 they divided in the proportion of 22½ tons of car and load to 10 tons of car and 12½ tons of load, the weight of the car falling below the cargo as 0.7 to 1. In 1893 the joint weight of car and cargo rose to 43 tons, of which the car became 13 tons and the cargo 20 tons. How much of this increase in ratio grows out of improved and larger

construction of cars, and how much out of the tendency to carry heavier freights (grain, cattle, ores and coal), as rates fall, which formerly went by water, is not made clear.

SILVER AND GOLD.—*The German Silver Commission.* By Julius Landesberger (Vienna), and *Mr. Pierson on Scarcity of Gold.* By F. Y. Edgeworth; both in *The Economic Journal* for March. These two articles present the bi-metallic case as held in Germany and Holland and in its full strength as expounded by its best experts.

It shows that though Suess declares that "from the point of view of natural science the modern system of a gold standard cannot be defended," yet that he "though a bi-metallist of the highest authority, had never advocated the restoration of the ratio 1:15½ and that he did not now support it." So Prof. Lexis, "whose authoritative position with reference to the standard question [as a bi-metallist] is well known," holds that "a return to the ratio 1:15½ is quite out of the question." Lexis proposes to "recoin the thalers and 5-mark pieces, within the German Empire, into heavy silver coins at the ratio of 1:21, and to make these heavy 'principal silver coins' legal tender up to 1,000 marks."

As they are now legal tender to any amount, though coined on the basis of 15½ to 1, Prof. Lexis does not suggest the motive which will induce present holders to part with the 6½ parts in 15½ of value now in the coins which must be parted with in the re-coinage. Suess, Lexis and Wagner, however, "get no supporters from either side." They go too far for the mono-metallists and not far enough for the older bi-metallists, who cling to the universal 15½ of H. Cernuschi as the watchword. Lexis holds that fall in prices *per se* affords no clue to rise in gold, but he admits that gold countries have been subjected to a keener competition with products of silver countries and that English exports to silver-using countries have been checked.

Mr. Pierson states the cost of re-coining the present silver coinage of France at the ratio of 25 to 1 to be 950,-

ooo,ooo francs or say 190 million dollars, a heavy tax to pay for a monetary equilibrium, which any cessation in the production of silver might at any moment restore to its former ratio.

VILLAGE IMPROVEMENT.—*The Work of Village Improvement Societies.* By B. G. Northrop, in *The Forum* for March. A most valuable sketch, by one who has given his life to village improvement, of the great activity which many country towns are displaying in planting trees, laying out parks, improving roads and paths, providing flowers, water and libraries, and promoting architecture and art. Central, Western and Pacific cities are as active as those of the Eastern states.

WATER POWER.—*Water Power of the Western States.* By A. G. Allan in *The Engineering Magazine* for April. An interesting study with views of the many great falls, in the vast rivers of the Rocky Mountain country, available for power. These streams traverse the heart of the arid lands, to which they can ultimately be made to supply fertility, crops, fuel, light, heat and electric power. Already there are two large power plants in Gothenburg and Kearney, in Nebraska, and the entire flow of the South Platte is so absorbed for irrigation that no flow is left where its mouth merges with the North Platte, except for a month or two in spring. In California over \$100,000,000 has been invested in hydraulic works, all of which investment grows largely out of the profits earned in an earlier stage of the works themselves. One county has 489 miles of canals at a cost of \$3,000,000. The transmission of motive power by electricity to great distances is opening up a road to wealth to be won in the very heart of our rainless and, therefore, arid lands.

WHO RILES THE STREAM?—*The Business World vs. the Politicians.* By Comptroller Eckels in *The Forum* for March. Mr. Eckels writes from the assumption that neither the collection of customs revenues in greenbacks instead of

gold, which began during Cleveland's first term, nor the raid of the hoodlum free-traders on the revenues, which was begun during Cleveland's first term and culminated in his second, have had anything to do with the drying up of the government's gold supply, at a time when the country contains more gold than ever before, and more gold *per capita* than any other country in the world except France, nor with that shrinkage in the revenues of the government which has caused it to run behind its expenses \$105,000,000 in two years. He does not perceive that these two policies caused the run on the Treasury for gold, and imagines that if the Treasury had stopped paying gold for government notes, the country, with upwards of \$500,000,000 of gold in its banks and among the people, would have been reduced to a silver basis! Hence Cleveland is the sparrow who, with his bow and arrow, etc.

All this is sawdust and rot. Hard times set in Nov. 9th, 1892. Looting the Treasury set in March 5th, 1893. The destruction of national credit lay in the Wilson-Gorman tariff law. The politicians who have joined issue with the business world are the crowd who went in with Cleveland and Eckels. Else why did the people at the elections of 1894 defeat at the polls Holman, Springer, Bland, Wilson, Harter, Tom Johnson, Outhwaite, Bryan, Lafe Pence, Jerry Simpson, Bynum, Breckenridge, Raynor, O'Neil, Everitt, Stephens, Hatch, Cockran, Lockwood, Sibley and Kilgore, every one of whom was conspicuously concerned in and jubilant over the work of destroying the Treasury's credit by the means referred to?

Among the Books.

The Evolution of Industry. By HENRY DYER. Macmillan & Co., 1895, 303 pp. Price \$1.50.

If the title of this book should lead any to assume that it is a history of the mode in which modern industry has come to be what it is, they would be disappointed. This book is keyed to the pitch that socialists are now the light of the world, and that economists are their reluctant pupils. This may seem true to a socialist, but it has no truth to an economist. Mr. Dyer says (pp. 43), "Modern economists and politicians are beginning to perceive that at the bottom of all economic investigation must be the idea of an adequate distribution of wealth for the maintenance and evolution of society, and further, that this distribution requires the intervention of the state at every turn." This is another way of saying what the socialists are constantly reiterating: that political economists are constantly learning the truth of socialist doctrine. On the contrary, no equilibrium in thought has been more absolutely stationary for twenty-four hundred years than that between the economists and the socialists. It is like the equilibrium established in nature between work on the one hand, and sleep and dreams on the other—the economists representing the world's work, and the socialists its dreams. Among the Jews, Abraham and Lot tried for a time the socialist plan of common herds and pastures, all to form one commune or phalanstery. But after the manner of such, their herdsmen quarreled, and it became necessary for Abraham to assert the individualist practice against the socialist, which he did in these words: "Is not the whole land before thee? Separate thyself, I pray thee, from me; if thou wilt take the left hand, then I will go to the right, or if thou depart to the right hand, then I will go to the left." "Then Lot chose him all the plain of Jordan; and Lot journeyed east, and they separated themselves, the one from the other." Here is an assertion at the very dawn of Biblical history of the necessity of private ownership in land, as a means of preserving peace between an uncle and his nephew who had tried joint ownership. Roscher's great treatise on political economy shows by citations that cover every corner of the globe, from the Caribee Islands to Kamtschatka, that all savage tribes are socialist at first, and that civilization is nothing but an emergence from communal ownership to private ownership, the number of powers which individuals may separate

unto themselves and monopolize increasing as society advances, and the welfare of labor, and the title to wages, and the rate of wages rising as this progress goes on.

In Greece, Plato, the dreamer, advocated 2300 years ago every *fad* which socialism now advocates, and far more, even to community of wives, all children to be numbered 1, 2, 3, etc., and to be the children of society and common tables, which several Greek states practised. Aristotle, on the other hand, advocated private property, the family relation and monogamy, an ethical code of rights based on superiority and government by an aristocracy.

Campanella, in the *City of the Sun*, Fourier in "Theory of the Four Movements," and Herbert Spencer in his views on communal ownership of the land which he has since explained away, and on the expediency of entrusting society with the power to regulate marriage with the view to breeding people of the right sort, and the modern lights—Bellamy, Marx, George and the like—have all seized upon special features of socialism for advocacy, and others for condemnation, but to the extent they have done so, they have all followed Lot in his digression toward Sodom and Gomorrah, and have ceased to be ranged among political economists at all.

Mr. Dyer, of course, discovers that means of industry will be communized, that "the economics of the future will in many respects be the reverse of those of the present" (p. 47), and with Wm. Morris (p. 45) "that as society comes to be properly administered men will get rid of their machinery and return to the artistic delights of hand labor."

Mr. Dyer is quite clear that there is a better mode of distributing wealth (p. 43) than by individual effort; a better class to hold land than such as have paid for it; a better class to occupy it than those who will pay rent for it; a better class to have money than those who save and accumulate it in the management of industry; a better class to have the use of it than those who can pay interest for its use; a better class to manage industry than those who can make it pay its costs and a profit, and a better way of hiring men than for wages.

Mr. Dyer follows Cairnes in lugging in ignorance relating to bees as the basis on which to teach ignorance relative to man (p. 40). He quotes Cairnes to the false point that "no public benefit of any kind arises from the existence of an idle rich class," meaning those who have inherited wealth from their ancestors, which is as stolid barbar-

ism as could be uttered by a Hottentot, since it amounts, when exactly applied, to a doctrine that wealth should not be inheritable. He then says, "Let them take their proper places *as drones in the hive*, gorging at a feast at which they have not contributed." The scientific ignorance in such passages is on a par with the economic ignorance. Drones are as necessary to the propagation of bees as the full males of any species are to its continuance. Only so many as are practically necessary for that service are fed while in the larvæ state in a manner to develop them into drones, and the whole economy by which they are evolved is as admirable in all its purpose as anything in nature. When they have rendered their species the service required, they are killed by the neuters. Surely this should be a sufficiently rigid economy of force and of nutrition to satisfy the most economic of economists. The man who in a work that pretends to be scientific descants on the inutility of drones because they practice the exact economy in reproduction which he condemns human beings for failing to practice, is an ignoramus. Moreover, Prof. Cairnes should have known that, so far as his income was derived from an endowed economic chair, it was the very "idle rich" whom he abuses who provided the income on which he wasted his time on such worthless work. Are any of the economic chairs endowed by day-laborers, retail merchants or small farmers? In fact, there are no idle rich and cannot be. Nature has endowed men and women with a given fund of capacity for action which they must expend in action. A Bengal tiger in his cage is compelled by his nervous supply of energy to expend as much nerve force in motion as he would in the jungle pursuing his prey. Very few of the rich are shut out from gainful pursuits by the fact that rents, profits and interest come to them without effort. The administration of large estates converts many rich men into stewards, bookkeepers and directors of enterprise who labor from eight to ten hours a day, as A. T. Stewart and Wm. B. Astor, Stephen Gerard and Horace F. Clark always did. If, however, he has found competent substitutes whom he can permanently trust with this work, it must be from some motive of social ambition. The art of being a social magnate or even of spending one's whole time in social, artistic or other pleasurable pursuits, is itself not only an industry but an education and a culture which, if not of the highest is among those of the highest kind. No nation can ever take the lead in any form of civilization that does not develop a very numerous and cultured aristocracy, combining assurance as to its position with inherited

wealth and the talent acquired by long and familiar contact with the most successful and cultured classes.

The principles of natural selection by which men come to the front as social leaders are part of the evolution of society, and should not be antagonized by one who writes on the Evolution of Industry. Mr. Dyer's book is for these reasons a sort of skimming of the foam of faddism as it beats in upon the shores of time from the restless surgings of those who must write because the winds breathe upon them and rouse them into action. But it is not among these breakers that the crops are raised and the fruits grown.

Books being, in part, the ministers whose function is to rebuke the human mind in its periods of rest for that which it does and must do or it would die in its hours of toil, do indeed, often, like all fiction, rest and amuse the mind in the degree that they are untrue, impossible and absurd. Seven-eighths of all libraries are fiction of some sort. Indeed, fictions that enthuse and inspire hope, are often more fertilizing than facts that depress and destroy hope. Hence, there may be a seed of good in the fact that so many socialist romancers are promising to their readers that a New Jerusalem is to be let down from above, in which everybody will have government without coercion, credit for being wise without the toil of testing false claims, mansions without paying rent, power without abuse, money without interest, wages for the services of machinery owned by others, profits without risk or loss, and in short a general economic millenium, in which everybody's wants shall be served by others without anybody being compelled by necessity to serve the wants of others. The mistake consists in saying that economists look for any such day. They know it will never come.

Monetary Systems of the World. A Study of Present Currency Systems and Statistical Information Relative to the Volume of the World's Money, with Complete Abstracts of Various Plans Proposed for the Solution of the Currency Problem. By MAURICE L. MUHLEMAN, Deputy Assistant Treasurer United States. New York: Charles H. Nicoll, Publisher, 189 Broadway, New York. 195 pp.

This will prove a most valuable aid and manual for writers in discussing monetary and coinage questions from the statistical side. It is sometimes impossible to eliminate the element of theory wholly from statistics of any kind, and we find our attention arrested by the statistics of "specie reserves" in the currency system of the United States, which appears on page 158.

The gold in the United States is given (in millions of dollars) at 626.6, the official estimate, the full silver at 550, the bank-notes at 207, the government notes at 884, the "total paper" at 1,091, the specie reserves at 778, and the uncovered paper at 313. The Comptroller of the Currency under date of April 6, 1895, returns the total specie reserves (of gold and silver) held by the national banks at \$220,931,641.56, of which about \$41,000,000 are silver, leaving about \$180,000,000 of gold reserve in the banks. Add to this the \$90,000,000 of gold reserve in the Treasury and we arrive at about \$270,000,000 gold reserve in both. We do not see how this can be brought up to \$778,000,000 specie reserves credited to our currency system without adding from the \$550,000,000 of full silver, the portion of silver now in the Treasury. This seems to be counting as reserves, the very element which the government refuses to use as a reserve, and which bankers count as a liability, except when they use it as part of their own reserve.

Of course, the theory of this particular statistic is that silver is an asset and not a "government liability." It seems not a little loose that the banks can keep \$40,000,000 of their reserve in a kind of coin which they decline to receive on deposit. The theory of Wall street would require that the silver dollars should be enrolled among fiat money, to the extent that its bullion value falls below its coin value; therefore as liabilities and virtually as "government notes." Adding them to the note column as well would reduce our specie reserves to about the \$270,000,000 of gold. Such peculiarities as these work up to the surface in all statistics when we dig for them. Hence persons, who handle statistics as a means to settle theories with, need to know exactly what theories were used to settle statistics with. As a rule, whatever theory was dominant in settling the statistics will be maintained by the statistics so settled.

A very valuable compendium of recent financial events closes the work, and in this part of the work is included a summary of the more prominent plans, proposed for the solution of the currency problem. The following is the summary given by Mr. Muhleman of THE SOCIAL ECONOMIST's currency plan as heretofore published in THE SOCIAL ECONOMIST, and as advocated by Mr. Gunton before the Banking Committee of Congress:

Establish a central bank with principal and subordinate branches, with \$100,000,000 capital, 1-5 gold, 4-5 bonds; any bank may become a branch by investing part of its capital in the main institution,

directly or through other banks; all these shall be allowed to issue notes; government notes to be retired by issue of 3 per cent. interminable bonds, to be taken by the banks, and national bank-notes to be exchanged for the new bank-notes; new notes to be prepared and issued to banks by the Treasury; old bank-notes to be surrendered to the Treasury for bonds now held; after fixed date, no government note shall be legal tender, and other notes taxed 10 per cent.; banks not coming into the scheme to pay a tax of 1-4 of 1 per cent. on deposits and the same on loans and discounts; customs duties to be paid in gold, internal taxes in notes of solvent banks; Treasury and State bank departments to exercise joint supervision; silver to be coined for banks at their cost, with name of bank and weight, and the distinctive word "free" thereon, such coin to be at 90 per cent. of the gold value of silver bullion therein, redeemable by the issuing bank in gold, and payable in redemption of small bank-notes, to the amount of \$5. The central bank to guarantee the redemption of notes in coin, directly or through its principal branches, and it shall have power to compel liquidation for failure to redeem notes, concurrently with the Comptroller of the Currency.

A Corner of Cathay. By ADELE M. FIELDE. London and New York: Macmillan & Co.

Miss Fielde's book is a very timely contribution to our meagre literature about China. It has the special advantage of being the work of one who has just spent about twenty years in China. Not by one seeking sensational stories to relate about the heathens, but by one who went to China as a missionary, and became a sympathetic student of the life, habits and character of the country. Besides being elegantly printed on heavy toned paper, elaborately bound with gilt tops, it furnishes the kind of information most needed about the Flowery Kingdom, and withal is very interestingly told. The real key to a nation's civilization is indicated in the industrial and social life of the "common people"; how they work, what they earn and how they live. This the author has told in a very direct, simple, yet attractive and convincing manner—convincing because entirely free from special pleading or effort to establish any social or religious theory.

The opening chapter is devoted to farm life. "One who owns ten acres," says our author, "is reckoned wealthy, and he who owns one acre possesses a competence. Those who own from one-tenth

to one-half an acre are most numerous, a little piece of a land being the chief means of obtaining a living. They part with it only when under stress of debt, the sale of a child often preceding that of a rice field." Nothing could more clearly indicate the industrial and social state. People who cultivate from a tenth to half an acre are sure to use very primitive methods, and those who will sell a child before they will part with a small patch of ground, are not only very poor but very close to barbarism. This is entirely consistent with the fact that (page 7) "a farmer may be hired by the year for from \$8 to \$14, with food, clothing, head shaving, and tobacco. Those who work by the day receive from 8 to 10 cents with a noonday meal."

She gives the direct negative to the oft-repeated stories about the universality of the Chinese education such as made by John Francis Davis, F. R. S. ("The Chinese," Vol. I., page 197), that "among the countless millions that constitute the Empire almost every man can read and write."

She opens her chapter on schools and schooling with this emphatic statement:

"An error that has shown great tenacity to life, after many contradictions, remains extant in recent books, in the statement that education is universal among the men of the Middle Kingdom. As a matter of fact, not more than one Chinese man in a hundred, taking the Empire through, knows how to read, and still fewer can write a letter. Of women, not more than one in a thousand can read, and these are members of wealthy families, and have, in the happy past, been the domestic pets of their learned fathers and brothers. Only boys go to school."

This seems entirely consistent with the general industrial and social character of the Chinese civilization. It is very difficult to believe that a people who work for ten cents a day, have no agricultural implements better than a crooked stick or a spade, and sell their children for debt, could possibly have a high standard of universal education. Without being made tedious by details, it gives enough prominent facts to afford a good insight to the general mode of Chinese life and type of civilization, and is well worth reading by all who are interested in Chinese life.

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SOCIAL ECONOMIST

A JOURNAL OF APPLIED ECONOMICS

GEORGE GUNTON, EDITOR.

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ANNOUNCEMENT.

WITH the present number the SOCIAL ECONOMIST closes its eighth volume. Its entrance upon the ninth volume will be signalized by the adoption of an enlarged form, the issue of an increased edition and an improved dress, adapted more entirely to satisfy the æsthetic sense of its readers and their demand for more matter. With these changes it will return to its original rates of 25 cents per copy, and \$2.00 per year.

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SOCIAL ECONOMIST

JUNE, 1895

The Standard of Taste for Parks.

Mr. Frederick Law Olmsted, in the *Engineering Magazine* for May, expresses the view that in park construction fine scenery is the one principle to which every other idea should be subordinated. "Its directors," he says, "must thoroughly apprehend the fact that the beauty of its landscape is all that justifies the existence of a large public open space in the midst or even on the immediate borders of a town, and they must see to it that each newly appointed member of the governing body shall be grounded in this truth.

"Holding to the supreme value of fine scenery, they will take pains to subordinate every necessary construction and to perfect the essence of the park which is its landscape, before elaborating details or accessories, such as sculptured gates or gilded fountains, however appropriately or beautifully they may be designed."

Mr. Olmsted, in his rapt devotion to scenery, requires artificial structures to be subordinated to natural growths, unconscious that in so doing it is still scenery alone that he thinks worthy of attention.

On the contrary, the health, instruction and intelligent enjoyment of the people are considerations more important, even, than the artistic construction of its landscapes. Scenery is to a park all that fine clothes are to a gentleman—no more. Central Park's chief fault consists in the too literally carrying out of Mr. Olmsted's idea. This fact makes it worth commenting on.

To perfect the scenery, the water ways have been expanded into ponds having no springs and almost no outlets, through which there is no water flow sufficient to keep the water clean. Hence has resulted a series of stagnant pools which tend to make our great health resort the most malarious place in the city, and notwithstanding it occupies some of the highest and what ought to be the healthiest ground of the whole island.

The wealth of American forests and of all forests in the temperate zones, planted on good soils, consists of nut trees, especially of the leading varieties of oak, hickory, chestnut, beech, black walnut, hazle nut and butter nut, and the beauty of American scenery in the open is largely composed of fruit trees, fruit-bearing vines and berry-bearing shrubs such as cherry, peach, apple, pear, plum, grape, apricot, currants, raspberry, thimble-berry, black-berry, strawberry, and the like.

In spring, every scene is gloomy that has no blossoms, and where no fruit trees are planted there may be flowers but there can be no blossoms. In summer, no landscape is genial, hospitable or inviting that has neither berries, fruits, harvests, clustering vines nor orchards, which will attract song birds and fill the woods with the most delicious of all music and the most bewitching forms of life and beauty. Shaw's Gardens in St. Louis, in the season of blossoms and fruits, are an enchanted land of song, passion, light, color and beauty. Its enjoyment rises above instruction to joy, delight, inspiration. Central Park has elements of undoubted beauty in landscape but its bird life is sadly deficient and ill selected. The birds of brightness and beauty whom the fruits, blossoms and berries would call; the thrushes, corn birds, bobolinks, orioles, yellow, red, and blue birds, jays, cat birds, or mocking birds, wood peckers, black birds, finches, wrens, linnets, whippoorwills, are all absent.

As the park management could not eliminate the earthworms, a few robins will come in spring. But grass

nesting birds cannot rest where the lawn-mower moves once a week and humming birds will not come where there are no blossoms. And what business has a lawn mower in a public park anyway? A shaved lawn is like a procession of docked horses or of cattle with sawed off horns or anything else deformed and artificial. No shaved lawn compares with the natural meadow in beauty where meadow larks, pee-wees and blackbirds can nest; where bobolinks can perch on the bending heads of timothy, and all the fields are redolent with song; where beds of bending clover invite the struggling bee and millions of dewy diamonds build morning rainbows in the grass. Compare with such a scene, secure in its embedded folds of dampness against any ordinary drought, our brown and burnt-up patches reduced by the lawn mower, through midsummer, to a black and ugly heath, reminding one of buffalo grass on the sand plains of Kansas.

If the smooth lawn in parks is a destroyer of their chief charm, the song birds, and fall into so unhappy a contrast with the plain mown meadows of the East, how shall we describe their poverty in comparison with the unbroken prairies of the West where every foot of soil unfurls its separate floral tribute to the sun and every color of the rainbow dances in liquid waves of radiant motion, fascinating passion and flowing efflorescence, as the wind sweeps over the fragrant ocean of unconscious, blushing visible delight? Out of the thousand acres of the Central Park surely it is possible to secure ten or twenty of blooming prairie, where convolvulus and anemone, daisy and trailing arbutus, wild-rose, fox-glove, honey-suckle and devil's pulpit shall tumble over each other in unchecked revelry, like children in blind man's buff.

The poor gray squirrels (red and black squirrels, there are none) are condemned to be fed on cracked corn of the D. P. P. which in their case means decidedly poor provender. Not a nut tree has been allowed to be planted in the whole park, except the oak, and only here and

there does a chestnut survive as a part of the original endowment of the park before art struck it.

The net result is that Central Park draws its tone from graceless, barren and meaningless pines, sombre balsam of fir; melancholy willows, gloomy cypresses and prickly cedars, a tone which will intensify as these trees enlarge. All of them have their natural *habitat* in solitudes and amidst the sterilities of mountain scenery, where nature is desolate, society does not exist and man is only a casual visitor. The deer that might help to adorn the artificially created solitudes of Central Park are all penned up like calves in a butcher shed without even leave to run. Squirrels cannot find a meal on any tree.

We presume the intent in excluding nuts, fruit and berries was that the scramble for these on the part of the little boys and girls would detract from the severe dignity desired in the park. It is always vulgar to eat in public and to hunt for the means of eating in the park would, it is thought, not be æsthetic. In short, it would be specially vulgar and dangerous to have small boys climbing park trees for fruits and nuts. If the control of the parks' "accessories before the fact" had been left to the average park policeman, we could see how such Philistinism could rule. But it is difficult to believe that Mr. Olmsted or any of the park commissioners could have felt this way.

Thousands of the children who have come into the park have never picked fruit from where it grew without either stealing or buying it. They have never stormed a walnut tree and listened to the joyous clattering hail of nuts as they came rattling to the ground at once a terror and an acquisition. They are doomed to the toil of drudgery in cities, without a taste of those natural delights which make the savage noble and joyous in his forced solitude. They come out from the sweat-shops and the sales-rooms without any longing for dignity. The jingle of the silver chains on the prancing horses of the rich makes them wish they too were horses so they might be groomed and petted and cared for lovingly and tenderly.

But to climb the monarch limbs of a great white or black walnut tree, with children and wife underneath, and bring its palatable shower of well-sheathed manna to the ground with a din like the roar of musketry and a scrambling flight among the nut-gatherers below, a shouting rally and a quick filling of bags and baskets with that which will be the solace of many winter evenings, displacing in part the active despatch of the "growler" pitcher, the slow recoil of weariness to the stinking pipe and the poisonous nicotine, would not all this be worth more to the world and to the well-to-do who often wonder how they can serve the poor, and know not how, than all the present flunkeyed dignity of white-tip boots and tassel-crowned bridles as it wends its way in the stately and dull silence of slow, successful selfishness on dress parade?

If something of the joy and freedom of the cultured woods and the charms of the educated fields, were thus hospitably extended to the men who toil for small rewards in life, might it not become possible for them to see in their greater strength and hardier physical courage a healthy set-off to the rich man's carriage? At least, our parks would become examples of the equal distribution of pleasure between the rich and poor and would prove as manly and masculine in their ministrations to wage workers as to millionaires.

The parks of the people, if too severely consecrated to mere landscape art, as that term stands fossilized and defined in the mind of the landscape gardener, are virtually wrested from the people and are confiscated to the representatives of gignanity, to the Hon. Mr. and Mrs. Veneering and their set. This is because in the pursuit of mere art Nature is forgotten, and in forgetting Nature art itself is lost. For there can be no true art except in the most perfect pursuit of Nature.

The lawn-mower may help develop so much of Nature as belongs to a lawn a few feet square, but in a park of 1,000, and still more in one of 5,000 acres, it should have no place. A few stunted evergreens may relieve a country

seat that is overburdened with oak, ash, elder, poplars, and the like. But the purpose of a park is to reach the minds and hearts, through the senses, of that great disinherited army of homeless and houseless who can never hope to enjoy a private country seat of their own. It should furnish them with as nearly rural life as it can. It cannot give them the mountains and the sea, and, this being so, it is belittling and of the nature of twaddle to give them as substitutes a cliff merely high enough to kill a baby, a pool merely deep enough to drown a boy, and a wildwood of evergreen shade merely dark enough to shield the lascivious at night and gloomy enough to invite to suicide by day.

What is the cause of the long chronicle of self-murder which has marked the history of our chief park? It looks throughout like a cemetery without monuments. The rider on horseback or on bicycle may derive a stimulus from his exercise sufficient to overcome the languor of its sombre shades and its malarious air. But in the solitary stroller it encourages and quickens sadness. This fact is entirely consistent with the statement, so often made, that it is more artistic in its landscape than any park in Europe or than any other in America. But its art is not bright, joyous, animated, in the degree that it would be if modeled more after scenes of fertility, like the prairies and the meadows, the gardens, vineyards, orchards and homes of cheerful and happy America, and less after the sepulchral shades and silent twilight desolation that mark the solitudes where land is poor and the rocky hills are given over to mosses, ferns and wild cats.

Even if this addiction to the useless, the desolate and the gloomy be in accordance with the cultivated standard of art as it appears to the landscape artist, it is not responsive to the socially catholic sentiment of the greatest good to all. The working people of New York City are intellectually above being regaled or delighted by a mere show of apes, parrots, camels, hippopotamuses, alligators and

other bestialities and deformities reserved to us from the old Batrachian and Megalosaurian epoch, when the earth was without form and void, and darkness brooded over the face of the great deep. They know that these things are bestial and they doubt whether they instruct. Gentlemen do not surround their country seats with these monstrosities and they would prefer the city to invite them and their families to its country seat with surroundings that would not imply contempt for the taste of the common people, and an over-assumption of their presumed incompetency to be worthy of polite and refined hospitality.

There is no music, play and gaiety of nature in the place, as there should be in an intended copy of a country scene. To relieve its tedium run-a-rounds and the other base attractions of Coney Island must be introduced. There is no sparkle, effervescence or intellectual champagne that quickens thought and stimulates conversation in hemlocks, pines and birdless oaks. They are staid, proper and permanent, like good mortgages and careful stock, but not suggestive.

We are proud of what has been done in Central Park within the narrow bounds which Mr. Olmsted defines in our opening text and to which he insists all park work shall be rigidly limited. But we would grieve to see those limitations continued longer in Central Park and we revolt indignantly and utterly against the outlying Van Cortlandt, Pelham, and other proposed pleasure grounds in the annex district, being narrowed down to the Olmsted standard.

In these parks the basis for all this diversity of orchard, forest, fruit and flower exists in the old orchards and other growths now passing into decay from the farm period. It is to be hoped that they will be revived, preserved and developed into attractive features of the new parks in preference to the system adopted in Central Park.

Constructing a British Empire.

The close of the nineteenth century is likely to be marked by changes of the most important character in the make-up of the British Empire.

Not that the abolition of the House of Lords, of the throne, or of the nobility, nor the granting of home-rule to Ireland, is at all imminent.

Lord Roseberry sealed the coffin of home-rule when, as its official leader, he admitted that the measure must await a popular majority in England alone.

The movement toward constitutional change in Great Britain comes now from Greater Britain. It grows out of the relations of England to the fifty-five or more dependencies which constitute the remainder of "The British Empire." Technically there is no British Empire, because no imperial throne, no imperial Parliament or cabinet, or treasury, or laws, or tribunals.

There is an Indian Empire, with a population variously stated at from 170,000,000 to 228,000,000 of subjects mostly black, and Brahmanistic, Mohammedan, Buddhist and Parsee, over which the British Parliament, since the repeal of the charter of the East India Company, exercises the direct as well as absolute legislative powers, which formerly inhered in the native rulers. Of this vast empire Victoria, during the last premiership of Beaconsfield, assumed, with the authority of Parliament, the title of empress.

She is not, of course, empress of a British Empire. She is Queen of the "United Kingdom of Great Britain and Ireland."

These dilemmas of form cover palpable inequalities and injustices of revenue and taxation which have recently attracted attention.

There being no British Empire, in the constitutional sense, it follows that all the taxes collected in the two islands are assumed to be collected for expenditure in them, not in India, Canada, or Australia.

Each dependency of Great Britain is assumed to pay its own expenses from its own treasury, by taxes levied on its own people.

The tentative experiment in the way of collecting an imperial tax out of a colony, which was made by George III. and Lord North in 1775, has not been repeated among the other colonies. Hence India, Australia, South Africa, Canada, Jamaica, Nassau, Bermuda, Cypress, are supposed each theoretically to be self-supporting. None of them pay tribute to Great Britain in recompense for its imperial support during war.

Such support, when given, is paid for by the United Kingdom.

Fifteen millions of English-speaking people inhabit these various colonies without a representative in the British Parliament.

Ireland, with a third as many people, has a hundred members. In twenty years their population may exceed that of England. Very soon after, their wealth will follow suit.

Since these communities are not in the United Kingdom, and there is no imperial government into which they can enter, what are they? In the form of their statutes they are assumed to be dominions over which Victoria, Queen, legislates by advice and consent of the Dominion Parliament. Sir John Macdonald's desire was that Canada should be a kingdom on a level in dignity with England, Scotland or Ireland, having no bond of union with Great Britain, except through the Queen. In form all Canadian statutes are now enacted by Her Majesty the Queen, by and with the advice and consent of the Parliament of Canada only, which virtually makes Canada a kingdom in fact. Yet the form is withheld. In name it remains simply a dominion, lordship, property, owned by the United Kingdom in its collective capacity. The little knob of Heligoland which was recently returned to William II. of Germany, had the same dignity as a "domin-

ion," or lordship, or property, as Canada and Australia, with their nine millions of people. The titular lord over these wide domains is not an individual person, but the nation in its collective aspect. Yet the form of their statutes does not recognize the British Parliament, but only the Queen, and does not describe her, in legislating for Canada, as Queen of Canada, or as Queen of the United Kingdom, but only as "Victoria, Queen." The lack in law of an imperial nationality is not felt in the life of the nation. Englishmen everywhere feel and assert the unity of the British Empire.

When, in the recent war upon Egypt, the aid of a part of England's black troops in India might have become necessary on the Nile, every Briton knew that the government, theoretically, had no such right, but that the theory would instantly change the moment the government ordered forward the troops.

The United Kingdom protects the imperial theory by defending, at the cost of its home treasury and taxpayers, every British dependency.

In return for all this expenditure she gets what Mr. Gladstone styled, in connection with the protedtorable over Egypt, a "Career for Englishmen."

Discontent with this incongruous relation broke out first in the colonies. Jamaica complained that her cane-sugar interests were sacrificed to the English free-trade theory. Reciprocity with either Canada or the United States would be infinitely better for her.

Last summer a conference of all the British colonists met at Ottawa to consider the expediency of urging on the British government a reconstruction of her tariff system. They desired reciprocity between the home country and her colonies.

This is the first movement toward constitutional reconstruction ever initiated by the colonies. Great Britain sent as delegate to this conference, Lord Jersey, formerly Governor of New South Wales, who was

instructed to watch and report to the home government, but not to speak or vote. Lord Jersey is a representative of the Villiers family, one of the most ancient in England, and a nephew of Sir Robert Peel.

Mr. Gladstone declined to co-operate in the movement until he could see (1) a greater prospect of its becoming immediately practicable ; and (2) how it could be carried out without receding from the policy of free-trade and returning to that of protection. The *London Times* points out that the trade of Great Britain with other nations stands in the ratio to her trade with the colonies as eighty-eight to twelve. If, therefore, she were seeking reciprocity, she would have a greater interest in cementing closer trade relations with the United States than with her colonies. Still, one English colonist affords as much trade to England as four Americans. Moreover, the United States do not seek these closer trade relations which the *Times* finds would be more profitable. Hence the *Times's* objection is at once true and irrelevant.

Sir John R. C. Colomb in the *Nineteenth Century* elaborately argues " that if the colonies are to have a customs union distinguishing in favor of their products in British markets, they must consent to contribute to an imperial revenue."

Of course the colonies ought to contribute to an imperial revenue if they claim imperial defence, whether they are granted a customs union or not. The taxpayers of London and Lancashire are under no duty to defend Canada or South Africa from foreign aggression.

But if the colonies and India are to be taxed to sustain the treasury of the United Kingdom, then the Parliament, the cabinet and the throne itself of the United Kingdom, must, in accordance with the highest modern standard of constitutional ethics, be so broadened that all of the colonies and dependencies of Great Britain shall be represented in the Parliament, the cabinet and the throne. In short, a customs union for the British Empire involves

such a reconstruction of the British Parliament, cabinet and throne, as shall adapt them to the whole Empire instead of to the United Kingdom only.

The (London) *Statist* offers a prize of one thousand guineas for the best plan for a customs union for the whole Empire, including, of course, a basis of imperial federation, and therefore, of legislative reconstruction. It declares that it aims not so much to discover what plan, if adopted, would work with the best results, but what plan, in the present condition of Great Britain and of India and the colonies, is most capable of being adopted.

England has reached the stage, for her many affiliated colonies, which Prussia reached, relatively to the other states of the present Empire of Germany, in 1816-20. Frederick List, a German protectionist, educated into that doctrine in Pennsylvania, was the chief agent in uniting the North German states into that Zollverein which paved the way for the present German Empire.

Gladstone demurs to acting as an umpire in awarding the *Statist's* prize, on the grounds that no plan can be adopted without abandoning free trade, and he does not conceive that any early abandonment of free trade is practicable. Lord Roseberry and the Marquis of Salisbury have both answered favorably the *Statist's* invitation to act. Lord Roseberry has appointed Lord Playfair, and Lord Salisbury has appointed Lord Lorne, as umpires, both of whom accept. Lord Jersey has reported from the Ottawa conference to the home government favoring an immediate steamer line across the Atlantic and Pacific, connecting London and Liverpool more closely with Australia, via Montreal and the Canadian Pacific Railway; also as Pacific cable, with an English coaling station in Hawaii. But he regards a customs union as premature, so long as the ratio of Great Britain's trade with foreign countries continues as large relatively to that with the colonies as it now is.

This politic recommendation will steadily repeal itself

with every increase in the ratio of the colonial to the foreign trade.

It will be interesting to observe the plans of customs union to which will be awarded a prize at the hands of such astute politicians as Roseberry or Salisbury or the umpires who may act for them at their request. They will certainly include some small duty to be laid by Great Britain on products of other countries which compete in British markets with such products of the British colonies, as cane-sugar from Jamaica, Mauritius and Egypt, wool, wheat and grain from Canada, India and Australia, fur, and lumber from Canada, and possibly cotton from India, Egypt and Soudan.

In return for this, Great Britain would have an equivalent reduction in the protective duties, laid by the colonies on manufactured products in which other countries may at present nominally compete with England in supplying the colonial markets. So much for the customs union. This would result, of course, in reciprocal taxation and an imperial revenue.

But it would also result in a necessity for an imperial Parliament. Already the British reviews teem with suggestions that the House of Lords be opened to India by adding seats for the Rajahs and native princes of that Empire. It is also proposed that the body be brought into a greater likeness to the American Senate by affording seats in the upper house to a quota of life peers or long-term senators, to be elected from geographical districts, say one from every county in Great Britain, ten from Canada, ten from Australia, and one each from Tasmania, New Zealand, South Africa, Guiana, Jamaica, Egypt, Cypress, Gibraltar, etc. Meanwhile, any such reconstruction of the national legislature would involve the division of the Kingdom, the colonies, and possibly India into Commons districts, according to population, but making the quorum required to elect a member of Parliament, ten or twenty times larger in India than elsewhere. If the

House of Commons were reduced to 400 members and the Empire divided into districts, in proportion thus to population, ten or twenty Hindoos counting as one English unit of population, the House of Commons would expand into a very much abler body than it has ever been. The complaint, now becoming very outspoken, that it has ceased to be a deliberative body, would disappear.

For certainly no legislative body summoned according to population from the whole Empire would be very likely to delegate its deliberative functions to the party caucus, or to permit the British Parliament to continue to be a mere echo of the cabinet whose policies its party majority is held bound in political honor to sustain. The present premier of Great Britain has spoken of the policy of federating the British Empire as "one which any statesman might be proud to live for, or, if need be, to die for." It has had the ardent support of Sir John Macdonald, Sir John Thompson, Cecil Rhodes, and Sir Harry Parkes, representing the combined political force of Canada, South Africa and Australia.

It affords a solution of the Irish Home Rule question which would be better and more satisfactory than that disintegration of the Empire which mere Irish Home Rule would effect. It offers a better solution of the House of Lords question than would be found in the abolition of that House. It would reform that House and convert it possibly into a deliberative body of equal influence, because of greater wisdom than the House of Commons. Above all, it would shake the whole Empire together, give it unity, coherency, logic, and a basis of constitutional justice.

Deserts the Hot-bed of Populism.

The state of Kansas is getting away from the theory that as plowing and planting advance westward, across the state, they will carry an increased rainfall with them sufficient to make the whole state fruitful and fertile. The multiplication of leaf points may exert an influence on the rainfall greater than would be exerted by the grass points of the treeless plains, but the electric cure for continental drouth must not be subjected to too large drafts, or it will go into bankruptcy. The *Kansas University Quarterly* says: "The country, so fair to look upon in the freshness of spring, gave hopes that were almost invariably doomed to disappointment in the Sahara-like dryness of summer. But experience has brought its bitter lesson. Very few now believe that the western third of Kansas can ever become an agricultural country by present methods. Within the past few years there has been an exodus unparalleled elsewhere, save in the similar regions of Nebraska. Houses and claims by the thousands have been abandoned, and whole villages, which but a few years ago were bustling with activity, stand almost deserted and uninhabited."

"The cry now is irrigation or emigration." "Even in the best parts of the state there are seasons and times when irrigation would be desirable, or even profitable." This is a concession which five years ago could hardly be wrung from a resident of Kansas. The Eastern correspondent, who, after a tour of the two states condemned the whole western third of both states as desert, utterly worthless without irrigation, and the central third of each state as in a constantly insecure condition, liable to sweeping disaster, unless irrigation were made possible everywhere, was denounced as an enemy of the state.

The economic effects of this dryness in the whole plateau which forms western Kansas, and Nebraska and northwestern Texas and Oklahoma, do not end with the sufferings of the people which settle there only to perish

or flee from the country poorer than they came. The blasted hopes of these victims form the fertile soil in which unscrupulous business practices grow, and fallacious economic theories are sown, which demand to be sanctioned in our national councils, and to impress their particular stamp of financial recklessness on national platforms. Professor Williston, writing in the *Kansas University Quarterly*, says:

“With the Western boom that gathered force in 1886 and 1887, the settlers flocked into western Kansas, the most in good faith, and located hundreds of thousands of acres of the high, dry uplands. Rude houses were made, towns were built, often on an extravagant scale, costly public buildings were erected, bonds were voted and railroads constructed in doubtful or useless places, and nearly all with the promise to pay. Real estate agents reaped a bountiful harvest. Money was poured in by credulous Eastern lenders, and agents were bribed to be dishonest or imprudent by receiving a commission on the money they loaned. In ignorance or cupidity they vied with each other in loaning the most money. Land rapidly obtained a fictitious value and nearly every place was mortgaged, often for many times what it is now worth. Numerous cases have come within the writer's knowledge where land has been deliberately abandoned after getting a mortgage loan upon it. He has also known instances where the gift of land has been refused which a few years ago could have been mortgaged for from three to five dollars an acre. It is the mortgagees, usually persons of limited means, who now own the larger part of much of this Western land. They are carrying the almost useless burden of taxation upon these unproductive lands, in the hope that something will be retrieved from utter loss. Only a few years ago a costly, extravagant courthouse was built in Clark County from bonds voted by men, nearly all of whom owned no land or property. They boasted that they would let the “capitalists” who owned the land pay

for it. It is not an exceptional case. But the dishonest have not been the rule; most of the people have been sincerely honest in their intentions, and have had courage where courage seemed useless. However, there is no question but that all of Kansas has suffered in reputation for the western part." The *Wall Street Daily News* says:

"There are twenty well-built towns in Kansas without a single inhabitant to waken the echoes of their deserted streets. Saratoga, in that State, has a \$30,000 opera house, a large brick hotel, a \$20,000 schoolhouse and a number of fine business houses, yet there is nobody even to claim a place to sleep. At Fargo, a \$20,000 schoolhouse stands on the side of the hill, a monument to the bond-voting craze. A herder and his family constitute the sole population of what was once an incorporated city."

Out of this system of overlending grows the gospel that interest is confiscation; that all lenders of money, especially banks and mortgagees, are remorseless foes of society and should be exterminated; that the way to make money cheap is to have a two per cent. bond issued by government, and greenbacks increased to fifty dollars per capita by loaning them at two per cent. to everybody that is short of money. Right where the frauds, generated by the swindling system of overlending induced by the worthlessness of these arid lands were most practised, the theories that interest on money is a crime, and that Congress should make a free distribution of bright new bills until everybody's per capita was raised to fifty dollars, were most glorified. Populism was a product of drought. The district that sends Jerry Simpson to Congress, located on the southwestern border near Oklahoma, with its headquarters at Medicine Lodge, is that portion wherein desert influences are most supreme. The thermometer ranges at 108 in the summer, a generally hot wind prevails which in fierce vigor is like the wind that assails voyagers on the Mediterranean from Alexandria to Cyprus, and which is the breath of Sahara itself. Grasshoppers, ants and all insect

vermin are bred, as in northwestern Texas, by millions to the rood. The only hope of any permanent and trustworthy water supply must be either in artesian bores 700 feet deep, or in canals conducting streams from the Rocky Mountains, no drop of which is available so long as the independent state authority of Colorado intervenes to intercept the sources of supply from the centres of demand.

Pure element of waters! Wheresoe'er,
Thou dost forsake thy subterranean haunts,
Green herbs, bright flowers, and berry-bearing plants
Rise into life, and in thy train appear,
And through the sunny portions of the year
Swift insects shine thy hovering pursuivants.
But if thy bounty fails, the forest pants,
And hart, and hind, and hunter with his spear
Languish and droop together.

These verses fail to portray a Sahara in which the area is so large, the elevation above the sea so great, and the dryness so persistent that no forest or tree could exist, and only the light brown buffalo grass and sage-brush could relieve the waste.

The western end of Kansas is tipped 3500 feet above its eastern end, thus affording an even descent of eight feet per mile for any supplies that could be brought to the western end of the state. Twenty-one canals, three for each county, in the seven lines of counties entering the western end of the state, each with a volume of water equal to that of the Erie Canal, would transform the state into the garden of America.

If the whole volume of water which now flows off through the Arkansas, Kansas, Platte (North and South), Cheyenne, etc., could be diverted at its sources and distributed through a canal system resembling that by which the Chinese draw off so large a portion of their rivers, Kansas would speedily become the most densely populated state in the Union and its water supply would be far superior to the natural rain. The Kansas people would then re-

gard rain as a nuisance. A country now capable only of bringing calamity and disgrace upon the republic, would become a centre of wealth production, far exceeding Ohio or Illinois in fertility and value. The lower Mississippi would be relieved of much of the disastrous floods which render life and property insecure for months in spring and send devastation, havoc and death in their path every year.

Major Powell, and the investigations of the Senatorial Committee, have made clear that the proper irrigation of these and the other lands of the republic is converted by every delay from a work of beneficence, into one of waste, destruction and havoc by the necessity it entails of destroying one set of vested interests in order to confer more comprehensive benefits. The New York *Sun* even regards the past location of state lines and organization of state governments as being a partial good which will have to be subordinated and overturned before an adequate system of national irrigation can be adopted³. The mere suggestion that such an alternative may be presented, shows how important it is that the people of the United States should recognize the overwhelming advantage of treating the irrigation of our arid lands as the most imminent question of the future. None but national parties, adopting it as a commanding element of national policy, not less important than the slavery question, can be competent to handle it.

Republicans and Democrats ran an even race with each other in the effort to facilitate the opening up of all the Western lands to actual settlers, and to bounty with land and money the construction of trans-continental railways. Whatever arguments rendered these policies wise and statesmanlike, now apply with ten-fold force to the policy of making the systematic irrigation of the arid district the chief function of the federal government.

We are in more danger of degradation to our citizenship from the native Americans whom our interior deserts will breed than from the immigration which will come to us, even from Sicily, Poland and Naples. The tendency of

deserts is to propagate Arabs, Tartars and nomads. We are already submitting to the process of spanning our interior Sahara with a population, which, beginning the struggle for subsistence as farmers, must depend for their survival upon their rapid conversion into Bedouins. If we shall not supply it with water, we have only to turn upon it a moderate flock of camels, Korans and Angora goats, and we shall reap a harvest in due time of Omars, Mahdis, Pashas and Khans. The "Church of Jesus Christ of Latter-day Saints" became polygamous only in crossing this desert. It had achieved its revelation in Palmyra, its martyrdom in Nauvoo, but its harem came only when it reached the grasshoppers and sand storms.

The first fruits of this irruption of lower civilization from the rainless district is seen in the crop of sockless statesmen like Peffer, Waite, Simpson, Bland, Bryan and Mills, who appear in Congress, not to ask for the irrigation of their district, but to deny that it needs irrigation. What they all ask is the destruction of the means of civilization elsewhere, the subversion of railways, corporations, banks, the abandonment of internal improvements, the withdrawal from manufactures, the elimination of capital, the equalization of wealth by obliterating it in a common poverty, the abolition of collection of debt, the demolition of rent, profits and interest.

Taking up a newspaper, the *Hutchison (Kansas) News*, from the heart of the arid district, you find it occupied not with discussions of what western Kansas needs; it is intent, like Lease, Peffer, Simpson and Mills, upon regulating the distribution of wealth and the tide of industry in the wealth producing states, on the theory that if the millionaires in Chicago and New York could be overthrown, the claim hunters of Kansas in their boxes and "dugouts" could be made rich. Here is a sample of its editorial page:

THE POWER OF INTEREST.

In order to illustrate the power of interest, let us take an illustration. A few years ago Marshall Field rented to the W. C. T. U. a lot of ground

on the corner of La Salle and Monroe streets, in Chicago, for \$40,000 a year, for 99 years. During this time the women will pay to him the sum of \$3,960,000 for the above lot of land, and they also agreed to pay all the taxes on the same.

But if Marshall Field should put the money out as fast as it comes in, at 6 per cent. compound interest, it would amount to \$640,306,137 at the end of 99 years.

Take another illustration: It is said that J. D. Rockefeller's daily income is \$41,600. If he should continue to get his salary for 100 years it would amount to \$1,563,952,000. But if he should continue to put it out at 6 per cent. compound interest, as fast as it came in, at the end of 100 years it would amount to \$248,832,284,050. This is equal to 8,910,878 tons of silver and would suffice to lay 317 tons of silver on every mile of the circumference of the earth. If reduced to gold it would suffice to lay nearly 24 tons of that metal to every mile of the circumference of the earth.

The annual production of gold in the world at the present time is about \$150,000,000. At this rate it would take the product of the world 1658 years to equal the vast sum that Rockefeller's salary would amount to in 100 years, at 6 per cent. compound interest. That is, the salary of one man would equal more than 16 times the world's annual production of gold.

J. G. MALCOLM.

The method of this argument is that interest does not go into consumption or reinvestment in productive uses, or distribution to labor through luxurious expenditure, but is an ever-increasing maw or maelstrom that sucks down the earnings of labor and swallows up society and civilization.

It is on a par with the Malthusian computations of Sir John Herschell, who computed that the unobstructed reproductive powers of a single human pair would—in a period as short, if we remember rightly, as the Christian era—so overstock the world's population that they would not only have to occupy every inch of the earth's space, but, standing on each other's shoulders, would reach to the moon, thus enlarging the total diameter of the globe by 480,000 miles and making thirty parts in thirty-one of the earth's Malthusian diameter to consist of solid human flesh and blood 240,000 miles high.

While rates of compound interest double the principal once in eleven years, rates of wages double the capital on

which they work from once in three years down to once in a day. An illustration of the relative rate of increase of capital through interest and through labor, is found in the case of the coster-mongers of London who often borrow in the morning the fund required to enable them to sell fruit and vegetables during the day and pay the ten per cent. a day interest on the fund. If they borrow say 5 shillings they buy with it twenty shillings' worth of fruit, turn their capital over by sales four times during the day and emerge at night with from 2s. to 4s. net profit after paying 6d. interest for their loan. Professor Marshall computes that the interest on a farthing at ten per cent. compounded daily, would amount, in a year, to five thousand millions pounds sterling, which it would require the thirty largest fortunes in the world to pay. But meanwhile the wages which the borrowing of this sum would enable the coster-mongers to earn would be piling up four times faster than the interest. If our economists of the Desert before seeking to array the intellectual hot winds, and the financial grasshoppers of the anthill, sunbloom, china-berry and caterpillar districts against the methods of civilization, will make the same computation concerning the rate which the wages of labor will absorb the wealth of the earth as they make concerning interest, they will find that interest is the sloth and wages is the antelope. Wages of labor eat up the whole earth every four years. Interest only every thirteen. In the same way if Sir John Herschell had stopped to compute how fast his ancestors multiplied in number as he went backward in time, simply omitting cross marriages, he would have discovered that in Abraham's time they could not all have stood upright on the earth surface but some must have perched three or four deep on the shoulders of the others. And now, if the mathematic sage of the *Hutchison News* will compute the productive power of a single pair of codfish and will assume that such a pair existed when the foremost cape in Massachusetts was named Cape Cod, he can easily prove

that the oceans of the world now contain not a single drop of water, since every inch of space in them is required to hold the codfish. All of which only illustrates the homely adage of Mr. Carroll D. Wright, that while figures cannot lie, yet liars will figure.

Ship Subsidies and Bi-Metallism.

TO THE EDITOR OF THE SOCIAL ECONOMIST:—

Would not the passage by Congress of a ship subsidy bill work to the advantage of bi-metallism? It is a fact that the coinage question is an international one; at least, American advocates of the use of silver as well as gold for money are periodically getting up conferences with foreign nations for the adoption of the double standard. The result of these efforts is that our experts discover that England wants only the gold standard and that she can hold firmly to her position, because she is the creditor nation. The first problem to be solved is consequently to make England the debtor nation for then she cannot dictate, but must accede to what her creditors dictate.

It is also a fact that two hundred millions of our yearly foreign indebtedness is made up of freight bills on merchandise transported to this country under rival flags. I conclude (1) that one potent means of converting the outflow of gold into an inflow is to encourage by governmental aid the establishment of American lines of steamships, and (2) when these are in operation the American scheme of bi-metallism will be nearing its solution. Am I right?

BRIGANTINE, N. J., Jan. 31, 1895.

R. D. A. PARROTT.

England is the creditor nation, not because she has more wealth, for the United States exceed her in wealth, but because it is not wealth that a creditor nation ever lends, but bank credit only. In order to loan bank credit largely, abroad or at home, a nation must perfect the organization of its credit by creating large credit institutions or banks. Hamilton, Madison and Gallatin, Clay, Webster and Lincoln, Chase and Seward, all saw this and labored to develop a banking or credit system in America which would make us not only capable of lending to ourselves to the extent of our needs, but of lending to other nations. Their prescient work has been demolished by the demagogues of

the anti-bank school, until now we have no national bank or banking system whatever, but only a government currency (a part of which has the useless endorsement of our so-called banks) and a class of manacled but really private banks. We have not a bank in the country which can issue its own note. The largest bank in America is Canadian. The effect of this financial backwardness is that we have to suborn the Rothschilds to agree to keep our treasury from being drained of its gold, by paying them and their American servants \$16,000,000 for six months for this service and our financial Falstaffs are glorifying this disgraceful state of things under the pretence that it is sound money.

Subsidies would be well enough as an aid to our foreign commerce if we had institutions competent, as the Bank of the United States used to be, to draw exchange against our foreign shipments, and if need be to make the loans and give the credits which foreign merchants (whether in the West or East Indies, Mexico, South America or elsewhere) are able to obtain from English, French and German Banks and primarily from the Bank of England, Bank of France and Imperial Bank of Germany. The Pan-American Conference summoned by Mr. Blaine adopted unanimously and on its own motion about the only resolution on which it was able to agree, to the effect that until the United States would set on foot a bank or banks capable of loaning credit abroad, foreign merchants could not buy extensively in the United States, however low our prices. Goods will be carried largely in the ships of that nation whose banks loan the credit with which the goods are bought if they are our exports, or with which advances on them are made if they are our imports. Banks control the shipments because it is bank credit that moves the goods, and banks essentially own the goods while they are in transit, and hence naturally have the right and power to say how they shall be sent. Our national banks are forbidden to make loans on foreign commerce, or to create foreign exchange, and can only act

as agents to buy and sell bills of exchange issued by others. This is a total mistake in our banking laws. Mr. Brayton Ives, in describing in the *Yale Review* the reason why our government was recently dependent on the Rothschilds for saving it from losing its last dollar of gold, says: "Included in the syndicate are nearly all the large drawers of bills of exchange, so that this mighty force is enlisted on the side of the government" (for a wage of 4 3-4 per cent. commission and \$16,000,000 interest).

That great hero of the Democracy, Andrew Jackson, in destroying the Bank of the United States, and his follower, John Tyler, took the lead in thwarting the building up of credit institutions in America sufficiently strong to facilitate foreign trade, attract gold and protect the United States Treasury from all sorts of raids. They did their mischievous work so effectively that a great and wise conference of delegates from every American republic declared that even a subsidy system was less important than the creation of a proper credit system through an American governmental bank, to the revival of our foreign commerce.

If such a banking system had existed, America would never have suspended specie payments nor issued a currency of government notes, nor passed the acts of 1873 and 1878 concerning silver, nor would she, in the Paris Monetary Conference of 1867, have recommended first among all nations that policy of monometallism on the gold basis which Germany followed four years after, in 1871, and hence doubtless no silver question would have existed. If such a banking system should now be created it could do much to restore parity of gold and silver, and in the light of the aid it could give to foreign commerce, subsidies would be seen on all hands to be expedient because they would be effective.

Professor Mallock's Forgotten Artist.

BY ALICE STERNE.

To the many who at some time or other have been tempted to give ear to the seductive, if impossible, promises of socialism (as who has not?) Professor Mallock's article in the April number of the *Forum*, "The Real Quintessence of Socialism," presented much that was of value. But therein there was used as a working hypothesis an opinion of human nature which in the interest of psychologic as well as economic truth should not, I think, pass without an expression of dissent. As Plato found no function for lyric poets in his proposed ideal republic, so in his consideration of mankind Professor Mallock seems to exclude the artist,—by whom I mean, of course, not the painter in especial, but the man to whom his task is a work of love independent of its material gain, *vir labore jucundus*. It is indeed well to cure one ailment, but not if by such cure we induce a greater one; it is well to present a clear and concise statement of the economic case against socialism, but it is not well in the presentment to draw an unwarranted indictment against human nature.

The author has formulated, with singular skill and precision, part of the question which in its entirety must have presented itself to the mind of every economist, when confronted by the theories of the socialist; whether, reward and penalty being limited, exertion would not also be limited. The earliest human efforts must have had as result, escape from threatened starvation; there have been theorists, therefore, who have held that the original and at the ultimate analysis one of the three simple determining motives of all human exertion is the satisfaction of hunger. Now, the socialist purposes to eliminate as motive for human action the fear of starvation quite as much as the hope of wealth; and it is at least a debatable question whether a socialistic state could obtain from the vast

majority of human workers lives of toil as strenuous as to-day while incapable of offering any reward equal in intensity to their present efficient motive—freedom from the fear of starvation. This part of the economist's difficulty, however, the limitation of the penalty of not working, Professor Mallock does not mention, and we may therefore leave its consideration aside for the purposes of this article. Concerning the feasibility of the socialistic scheme, he states what he calls the crucial question—the matter of limited reward, in these words:

“Would a socialistic state, without ceasing to be socialistic, be able to offer to the specially gifted few sufficient motive in the shape of reward to induce them to develop and apply their special gifts, with an energy equal to that with which they develop and apply them now?”

Although he expressly states that it is not his intention to answer this question one way or the other, he leaves it only after having clearly led his readers to the inference that the state would not have the power under the conditions proposed to call forth that energy, which, under the free competition of to-day, characterizes the development and application of special gifts, and which would be just as necessary to the common welfare then as now. He intimates that men of the highest capacity will not work without certain immediate and proportionate material reward, and that the relation between refusal of such payment and cessation of work is a direct and casual one.

But the matter is not so simple. In the lowest grades, a direct relation between penalty and work may exist, or at least as I have attempted to show, the existence of such relation may be matter for argument—but in the higher grades of social workers, the original fear of immediate punishment and desire for immediate reward grow less strong and simple; punishment ceasing to be physical,

final preferred to initial reward,* these come to partake of a different nature.

The character of the occupation itself becomes one of the factors in the efficient motive or reward. Coal heaving or wood chopping, when equal as means of support, present no distinguishing attractions to the low grade worker, who finds his reward in the results of the weekly pay-day; but the worker who is of the grade to choose electricity, or law, or medicine, or directing commerce as his life work, finds in the nature of the work of his profession part of his reward. This is the point of which Professor Mallock seems strangely oblivious.

A chosen walk in life often may have been at variance with that path which, through family tradition or influence, seemed the most easy and remunerative to pursue. The choice itself must always have been largely influenced and directed by what we call natural inclination, which is the overt demand of a nature's powers for special employment giving opportunity of self expression. The higher the character of employment demanded and the stronger the struggle of the powers for self expression, the more nearly we approach to the temperament of those individual workers—those "specially gifted few"—who are the artists among men. Now these are precisely the ones to whom Professor Mallock applies his rule of thumb—no pay, no work. *They cannot help working!* With them "Labor" has changed into "Ability," the analytic into the synthetic temperament, the critical into the creative,—in short, the artisan into the artist; and the artist's powers cannot be looked upon solely as marketable commodities which will be withdrawn from sale, if the

* Final is preferred to initial reward when a young man buys himself an old age annuity, or in the extreme, although not unusual case, of a man insuring his life by a death policy. Even children can be taught the advantage of deferred reward. Of this Miss Wiltse gives authentic instances in "The Place of the Story in Early Education." See also Prof. Patten's "Economic Education in the Schools," pp. 5f.

price offered be unsatisfactory, but as organic faculties whose growth is subject to that very energy which they themselves call into being by their need of self expression, of expansion. *Ein Talent bricht sich Bahn*. In every country, in every century, in every profession, has asserted itself this pathbreaking characteristic of talent; it seems to delight in overcoming obstacles, in causing its possessor to disregard privation, contumely, death; nay, even that which we call selfishness of genius is often the visible yielding to this imperious need for self-expression demanded by talent.

Now, the man of exceptionable ability is an artist, whatever his tools, and the greater his ability the more imperative his need of special employment to give opportunity for the expression of his powers—the more is the nature of his task in itself reward and the more intense is the joy achieved in achieving. In more or less degree, as we are more or less artists in our several occupations, do we ourselves experience this feeling that seeks no outward reward—that knows no end except its own outworkings—whereto the deed is meed.

Mr. Mallock's man of exceptionable industrial ability is the artist of commerce or of manufacture, inasmuch as all genius is of necessity artistic, that is, creative; he, as well as the scientist, and the poet, the painter, and the mechanician, is a laborer of love. It is, as a rule, the middle-class man of average capacity, who retires from his corner grocery on a little competence, and seeks his reward in his home circle, his small club, his leisure. The man of vast plans and schemes, with millions of dollars of capital, combining, planning, analyzing, recombining, holding the threads of great enterprises in his hands, to whom the fortunes of whole peoples, the investments of a nation, the bankruptcy of a government, are incidents—this man generally dies in harness. And in his case we can see how, even under free competition, beyond a certain point a man ceases to benefit by his labors—save in

gaining new opportunities for further labors. The capitalist owns or controls one, then five, then twenty, then one hundred millions of dollars, and continues his strenuous exertions long after he has achieved competence, and comfort, and luxury for himself and his family; long after the point, indeed, where he ceases to make personal use of one additional dollar gained.*

As he has forgotten the artist among men, so Mr. Mallock has omitted reference to the philanthropist whose desire is the common weal, whose beneficiary is humanity; yet this type merits serious consideration as an economic factor if only because he is to-day not infrequently one of "the specially gifted few who possess the faculty of industrial ability," and hence is doubly impelled to the exercise of his gifts—by the need of satisfying his creative nature on the one hand and his altruistic desires on the other.

By referring to "the specially gifted few" in such words as the following:†

" . . . They create capital, they invest capital, they become employers and capitalists; and, *still animated by the old immemorial motives*, they enrich the world *in the process of securing riches for themselves*. . . . the men who add to the world's wealth, *motivated by the desire to become wealthy themselves*. . . . The men who, with all their faculties concentrated on *immediate* ends, and with definite objects of *personal* ambition before them. . . .

. . . it [socialism] is forbidden by its own principles to offer the *only* rewards that will enlist such men in its service."

The author practically tells humanity "You are not good enough for socialism; if you are more unselfish, socialism would work." On the contrary, Professor Mallock, we are better than socialism, and, therefore, it will not satisfy us.

* This widening of the scope of his activities and the consequent increase of his usefulness could be attained in the socialistic state (according to its advocates) by promotion, by readjustment, by concentration.

†The italics are mine.

The exact value of special ability to the world at large, felt by it in a thousand different ways, we cannot calculate; but we can judge from the general uniformity of nature, that the reaction of the world upon the application of ability, follows more or less closely the law of cause and effect, and that legislative interference with this would result in the rankest injustice; it is here that the essential robbery proposed by socialism becomes apparent to us. It is morally, as well as economically, wrong in its methods, despite the high personal character of many of its adherents, despite even its own altruistic ideals. The nature of the general injustice itself is tersely indicated by Mayor Hewitt: "The fundamental characteristic of the individual is personal liberty, and of society, justice. Personal liberty implies equality of rights, and contains the germ of individual property; while justice implies its equitable distribution; and this distribution can only rest upon the axiom, *to each according to his work*."*

By study of production and distribution, we are trying to arrive at the ratios of productive to earning capacity. The past or passing injustice of which the socialist accuses competitive, or individualistic society, in the case of workers low in the social order, he in turn would perpetrate upon workers of the highest order, the work of one of whom is more necessary to the masses, than that of vast numbers of their own constituent elements; for through his work comes increase of the wealth of the world.

That the disintegration of the social state, if we can imagine it once founded, would come (although indirectly and among other sources) from its failure to allow to exceptional gifts the logical exceptional return, is, I agree with Prof. Mallock, very possible. But this would not then be because the community would thereby be deprived of the highest ability, but again for a much more subtle

* The economic meaning inferred is, of course, *to each according to the value of his work*. See *Mutual Relations of Capital and Labor*: a paper read at the Church Congress, Cincinnati, 1878, by Abram S. Hewitt.

reason, because, were men of their own generous impulses not impelled to nullify it by removing in special cases the restraints on reward, the destruction of the moral sense of justice would undermine their character, and there would be a lowering of the ethical standing "all along the line," so that the state would in time fall apart through its own internal dissensions and corruption. This is not fanciful; students of history can adduce abundant examples of similar disintegration; we cannot, therefore, consider a form of society based on injustice the ultimate aim of our development. The history of mankind is one long struggle of gradual adaptation to environment. Nature conquered is a misleading expression; but nature understood is the exponent or index of civilizations; and the more we learn of the laws of God, of the fundamental unifying principles of the universe, the more must we realize that permanency of any social structure is to be obtained only by laying the foundation in justice; in the immutable principles of right. Else the structure, however flourishing in seeming, will be but a sporadic, an isolated, temporary growth, a parasite of the universe—not an organic part of the living whole.

In the socialistic state, high-mindedness would have no place. Instead of, as historically heretofore, ever severer standards of conduct and of achievement obtaining, mediocrity would be the measure of all things, and we should realize the truth enunciated by Kant: "All that is human must retrograde if it do not advance."

"It is possible," as Prof. Ritchie has lately shrewdly observed,* "it is possible to believe that political and social development is proceeding in a certain direction and must proceed in that direction, if violent revolution is to be averted; and yet to feel very uncertain as to the precise form which society is likely to assume in fifty years' time, or in the remote future, and to be rather skeptical

* Natural Rights. Chap. XIV., p. 276.

about the value of certain remedies which are commonly advocated as if they were panaceas."

While the proposed methods of socialism and its results, if it were practicable, are open to most harsh criticism, socialism has claims to our gratitude. In the spiritual awakening of the past fifty years, in the approximation to pure altruism, in emphasizing and directing us back again to the fundamental unity of the body politic which implies that the distress of one is the wrong of all, that each is in very truth his brother's keeper, and that the happiness of the citizen is one of the ends of government, socialism has borne its share, and as an historical movement will not be lightly passed over by the future historian of the nineteenth century.

The Duty of Protectionists Towards Ocean Navigation.

BY WILLIAM W. BATES.

Late U. S. Commissioner of Navigation.

Whenever in party platforms I see indorsements of the sound principle of "Protection," or read in papers and magazines articles or speeches headed "Protection to American Industries," and call to mind the fact that a great and noble "industry," essential to our economic independence and once a "pillar of our prosperity," has virtually perished and become almost forgotten, I wonder whether the "Doctrine of Protection" has really any positive statesman behind it, or is anything more than a speculative party belief. Our carrying in the foreign trade is the oldest unprotected industry in the United States. It is now sixty-seven years since our Government, through free-trade acts and treaties, abandoned the ship of the United States in this trade, to the certain failure which always attends unequal competition and poorly-paid busi-

ness. No other industry was turned out to survive or perish.

When I reflect that this proscription, this desertion of our own interest, this relinquishment of rightful inheritance to foreign nations, has crippled our commercial enterprise, hindered our financial growth and paralyzed our shipping power, and weigh the fact that the "Shipping Question," so-called, is never acknowledged as "before the country" in political head-quarters, in the party press, or in public thought, I ask myself, can it be possible that "Protection" is the broad and vital principle so earnestly proclaimed? or, is it the case that navigation, although an *industry*, is not of use and value to the nation, but a vicious occupation to be frowned on by public sentiment? In other words, what is there in political philosophy that makes the metal and builds the ship under "Protection," but dooms her navigation to failure and decay under *free trade*? The cross-purposes of such a policy are manifest. Its un wisdom and inexperience have presumptive proof in the fact, that our shipping in domestic trade, much of it belonging to interior ports, is fully protected, foreign vessels being prohibited from competition with American. As a consequence, this traffic is in the hands of citizens, and we have the best coasting, lake and river service in the world. On the other hand, our unprotected ocean marine having suffered virtual annihilation, it has resulted that our foreign trade has passed into *alien* hands and is lost, incalculably to our damage and insecurity; and the party of Protection, to the concern and disapproval of every thoughtful citizen, seems content, since nothing is done about it. It is true that "shipping planks" have worked their way into national platforms. Congress has had bills reported from committees, and once in a while given a day to a shipping debate, but since the war and its waste of tonnage, thirty years, with twelve of full protective power, have come and gone and seen not a single act passed looking to the substitution of a protective for a free-trade

policy, and the certain resumption of our foreign trade and transportation into our own hands.

We have only to compare our past with our present proportionate carriage of commerce to realize into what a dangerous dependency we have fallen on foreign nations, their capital and labor, their good will and confidence, especially since the war. Without the services of alien shipbuilders, ship-owners, merchants, bankers, underwriters, and mariners we could carry on, of our own commerce, about one-tenth only at the present time. Not only is this true of our foreign trade, but the great wealth acquired in its pursuit has been gained from us. The very large amount of tonnage employed has been built mostly from earnings which our own people should have received. We pay for ships, but do not own them. We furnish the cream of European traffic; but scarcely secure the butter-milk of the business for our share. We find the stone, the sand, and cement; but, for the want of statemanship in Congress, the fortress is built for a foreign antagonist, our rival and enemy. If the national interest, for thirty years past, had been neglected on the land as on the sea, the Union would not now be worth another four years' war for its preservation.

For six years after the Revolution, under the free-trade conditions then existing, our navigation made no progress, although it fared better than manufactures. From the institution of the Government, and until 1815, favored as a "Child of Protection," it advanced and developed wonderfully. It encouraged production, aided commerce, and greatly increased our country's wealth. It *balanced* our foreign trade, and made it safe to buy, as well as profitable to sell, abroad. It spread prosperity among the people, consolidated the States of the Republic, created maritime power, exalted our rank among the nations, and secured our national existence from the danger of discontent. In the period from 1815 to 1828 a change of policy took place, the greater progenitor fell from grace,

the loyal descendant was alienated, and veritable strangers—tramps from the road-side—given his place at the family table. The 20th Congress, which last withdrew protection from the ship in ocean trade, enacted the highest tariff ever laid. It did not foresee the bad effects of increasing foreign participation in our commerce, and diminishing our own. It did not suppose that the freights taken from our own and given to foreign vessels would, in the end, work our discomfiture and disgrace, not alone upon the sea, but on the land as well. It was unaware that an *American* marine, of itself, was, practically, a better protector of the *common interest* than the additional duties which it enacted, and that unfortunately, increased the cost of vessels. In fact, we have only a few statesmen now, after many evil consequences of a free policy have been suffered, that can grasp fully the expedience, importance, and necessity of entrusting to our own people, mainly, the prosecution of our trade and transportation beyond the sea. Were it otherwise, patriots would not now be begging for a protective policy in the national interest.

The shipping question needs only to have justice done it, in examination and discussion, so the nation can fully apprehend its merits and meaning, its relations and connections, to cause Congress to do duty; and the responsibility for this performance rests, undoubtedly, upon the shoulders of Protectionists, since they have the care of the nation.

Mr. Bates correctly diagnoses the shipping difficulty. The remedy which would be most effective would be the revival of the remedy actually pursued from 1792 to 1816, and which increased our shipping six and one-half fold in nineteen years; *viz.* to make our whole system of duties on imports discriminate so as to pay a lower rate of duty upon goods coming in American than upon those coming in foreign ships. A wise adjustment of duties on this basis will soon cause the ocean to swarm with American ships, without any serious rise in rates of ocean transportation,

because our capitalists and ship-builders are all ready to build them. Within a few years it will restore to the American flag the carrying trade in American goods and a very large share of all goods carried between English ports. On this point, the wisdom of the "lean and hungry Cassius" to Brutus applies.

"It is not in our stars but in ourselves that we are underlings."

[ED.]

The Gratuitous Benefactions of Capital.

BY T. B. STORK.

The beautiful theories of socialism are most vulnerable when criticised in their details. Their omissions are their most conspicuous feature. A few of these omissions it is the purpose of this paper to point out in a brief way. They have been hitherto untouched so far as the writer is aware.

Probably the reader will agree that there is nothing in our present industrial, and, if he like the phrase, capitalistic system, so conducive to comfort, so essential to modern life, as the ability to step into a store and buy, at a moment's notice, whatever one requires. It is such an essential that we forget it as a privilege, or a particular facility, just as we think nothing of the air we breathe or the light of day by which we see.

We step into a store to buy a hat, a pin, a loaf of bread, a coat, a wagon, even a locomotive or a ship; they are all there waiting for us, often in endless variety and at all prices. Nothing seems simpler than our daily purchases for our daily needs, nothing would more astonish and stagger us than to be told that there was nothing ready for us to buy. Indeed it is not uncommon for buyers to complain that there is not sufficient variety in a certain shop, that the goods are stale, out of date; so critical and exacting are we, and so matter-of-course does the whole arrangement seem. And yet nothing is more complicated, more difficult, more expensive or more entirely the creation of

our present industrial system than this holding in readiness for consumers whatever they may wish. It is an operation of the system that is constantly refining and extending, so that—to instance a most extravagant example—in London dinner guests are now supplied to order for such as require them, and either the conversational or the dancing variety may be had in quantities to suit, just as one may order fish or oysters.

But there is a very serious side to this great convenience of modern life, and that is its enormous cost. The capitalists of the United States paid in 1893 \$151,000,000 in round figures to perform this service to the population of the country. That is to say, the private capital employed in business in the United States, as reported by Bradstreet's Commercial Agency in its statement of the failures for the year, showed losses of this amount. In other words, the grocers, the butchers, the shoemakers, the tailors, and in a larger way, the manufacturers and middlemen who were engaged in serving the people of the country with what they required, just when they required it and in the quantity they required, paid out of their own pockets \$151,000,000 for the privilege. They made a present to that extent of their property to the public.

1893 was a year of disaster to the business community, and the losses were unusually large, but in 1892 the losses were \$54,000,000, in 1891 they were \$91,000,000, say on an average for the three years, \$98,000,000 a year. This calculation does not include the capital lost by the failed firms or individuals, but only the loss to their creditors, reached by deducting the assets from the liabilities. There are no figures of the capital lost; could that be added these losses would probably be increased at least one-third. Sufficient losses, however, are apparent to make very pertinent the question, how and from what source socialism would undertake to pay them?

Two or three answers might be attempted by the socialist.

First.—He might attempt to show that under the socialistic scheme there would be no losses, people would not fail in business when the state transacted all business and employed every citizen as a workman. Unfortunately for this answer an analysis of Bradstreet's report of failures shows that in 1893 nearly one-half (45 per cent. exactly) was due to disaster, which is used in the tables to denote flood, fire, crop failure, commercial crisis, all of which, except possibly the last, are so clearly due to natural causes that no system of production or distribution, however perfect, could neutralize them.

Secondly.—It might be said that the losses were not real losses, suffered and paid for by somebody who was really that much poorer by reason of them, but only an apparent loss by some part of the public repaid by gains by another part. This brings us to the investigation of the real cause of the losses which are constantly occurring in the business world, and the manner in which they are suffered by capitalists brings us face to face with what ought to be called the great commercial problem of our industrial organization. By this is meant the problem of supply and demand for goods and the over-production of goods.

It is this that lies at the root of the losses now under discussion, and it is this problem that lies at the root of almost all our labor and commercial disturbances. In a primitive society, where every man by his own labor supplies his wants, raises his food, makes his clothes, and builds his house, the problem is excluded by the very terms of the situation. No man will raise more food, weave more clothes, or build more houses than he himself needs, and he has such complete knowledge of his own needs that an over-production is impossible. But such a society is incapable of any very great industrial strides, has within it very little control over nature and the means of production. It is soon found that two men laboring jointly at raising food can raise more than twice as much as two men laboring separately; three men will increase the product in a still

greater ratio. Carrying on the system of joint production to the more and more complicated co-operation of our present industrial system and comparing the results, we find that now two men with a locomotive can carry, in one day, an amount of freight for a distance that one man, working continuously and alone, could not carry in his life-time. We find for another example—and to use a different measure of results of modern compared with primitive industrial societies—that a book which cost, before printing, eighteen years of labor of a workingman, can now be bought with from one-seventh to one-third of a day's labor of the same man, or to put it mathematically, with from one 21,600th to one 37,800th of the work once required, counting 300 days to the year. These examples show the tremendous productive power of the industrial organization as now established. It is not germane to the purpose of this paper to dwell on these, the advantages of that system, but rather the concomitant, and, as it seems to the writer, the inevitable disadvantages or burdens which it inflicts. In order to realize the mighty results that spring from joint co-operative production, society must pay a heavy price. The joint product after its production, instead of holding an intrinsic value, a use value for the producers, as the individual product does for the individual producer in the primitive society, (who can turn around and eat his corn and wear his clothes), depends for its value on the need of others for it, on their willingness to buy it, to exchange their product for it—in other words, on its exchange value.

Now, the exchange value will chiefly depend, so far as the present discussion is concerned, on two elements over which the producers of the goods can have little if any control; *first*, on the desire of the consumers or buyers for the goods, and *secondly*, on the ability of such buyers to pay for them or to give desirable goods in exchange for them. For it is perfectly evident that unless both these elements are united the producers of the goods are not benefitted. It is pointed out very frequently with much triumph by the

opponents of this view that an over-production of goods is an absurdity so long as there is a desire or a need for such goods by any other member of the industrial society. But this argument loses sight of the fact that by it the loss is simply shifted over from the persons who need these produced goods, but have no goods or services desired by the producers of them to give in exchange, to the producers of the goods who, until they get goods desired by themselves, are left unpaid for their own goods and get nothing for them.

It is needless to go further into this matter and the only excuse for going thus far is the hopeless state of confusion that seems to reign on the subject. The question of price or of money value has been purposely omitted for, of course, the real transaction in all societies must be either a barter of things for things, or things for services or labor; the money only serving to translate the various articles or services into exchangeable terms.

The commercial problem which thus arises is, then, the so ordering supply or production of goods that it may equal, but not exceed the demand. In solving this problem, in all its many and varying phases and degrees, the great fortunes of the present day, and of all former days, have been lost or won. All the great merchants, railroad kings, grain speculators, and the whole of the great band of directors of industrial society in the work of production are intent on this difficult problem.

Let a miscalculation in this problem occur, a mistake as to the amount of goods required by consumers, as it so often does in the business world, and the consequences are easily traced. If the over-produced goods are immediately perishable, like fruit or fashionable goods, of course the loss falls on the man, the capitalist who has either made or bought the articles with the expectation of selling them again. A capitalist ships California fruit to Liverpool and on arrival they cannot be sold owing to a glut of the market or because they do not suit the market; the loss is instan-

taneous and total, and is suffered by the owner, who, hoping to meet with a demand, has found none for his supply of goods. He finds that he has simply thrown away the capital and labor invested in the venture. The same course takes place with goods that do not strike the public taste, like a certain colored cloth or goods that, having once pleased, are supplanted by others more pleasing in the taste of buyers. Here again is a loss, not to the public, but to the private capitalist, the owner.

Goods that are staples, cotton cloths, wheat, pig iron, do not inflict usually so total a loss on the owner; they are not immediately perishable. All goods, however, are perishable in greater or less periods of time. Wheat will not keep over more than two or three years and even coal deteriorates after a certain period.

So that it may be safely asserted that all goods made must find a market, a demand to give them value to the producers or the owners within a few years of their production or else prove a total loss not, observe, to the community, the public, for by the very terms of the situation the community are over-supplied with these goods; but to the owners, the capitalists who have made or bought them. Of course, through the losses of the capitalists, the impairment of their productive power by losses of capital, there is an indirect loss to the community; but this is too remote to affect the present question which is simply: Where, in the first instance, does the loss caused by over-production fall and by whom is it borne and paid?

In the case of manufactured goods or products requiring machinery and large permanent capital—such as mills, collieries, iron furnaces, and the like—there is a further loss, apart from the loss of the goods which can find no market. For, of course, as soon as the products of these plants cannot be sold, the owner must cease using them until the demand for their products again arises. Thus the valuable plants not only become transformed into useless non-income-producing capital, but for want of use begin to rapidly de-

teriorate in value. Few things lose value more rapidly than idle machinery; even actively employed machinery is considered to lose ten per cent. a year in value, and this charge is annually made against it in conservative manufacturing establishments.

Here lies the fruitful source of business failures, of depressed values and falling markets. This is the price that must be paid for the immense increase of productive power which the present industrial system affords. The value of all products is made to depend not on intrinsic worth but exchangeable worth and with this comes the danger and the loss of over-production and enforced idleness of the instruments of production. And the great losses which these entail have to be paid by the capitalists who carry on the work. These losses might be aptly termed the friction and wear and tear of the machinery of the business of the world.

Returning from this digression, which has been made as brief as the necessity of the argument would permit, it is hard to see how socialism or any other system of industrial production can avoid these losses; and if they are now borne by private capitalists, in the socialistic system they would have to be borne by the state which will then control and direct production, instead of the many individuals who now do so. But the state is a mere abstraction; it cannot pay losses or invest capital. The losses will have to be distributed by taxes or assessment on each member of the state; each citizen will then pay his proportion of the losses now paid by the capitalists.

It is fair to presume that the state, in conducting production, will not be able to employ more intelligence or bring to bear upon the problem of supply and demand any greater skill or knowledge than is now employed by individuals. People under the socialistic regime will be just the same fallible people they are now, just as apt to mistake the tastes of the market, the requirements of consumers, as now; and they will be without one great stimulus to faith-

fulness and attention: their own personal interests for good or ill will not be involved to the same extent. The mistakes they may make will inflict losses not on themselves, as at present, but on the community.

It is true that one path of safety, if the socialist choose to call it such, would be open; the state might always produce less than it was plain the demand required. But surely this would be far worse than over-production. Over-production of wheat or cloth or other necessities may be an evil; but surely an under-production would be far worse; it might mean starvation or the perishing with cold of the less robust of the population. Indeed, any attempt by a socialistic state to restrict free production and experimental production of new goods, or better conveniences of living, with all the risk such experimental production brings to the producer, would be a distinct step back toward barbarism.

The third answer the socialist might make to the question of how these losses might be paid is the most plausible. He might say that the losses suffered by some capitalists are counter-balanced by the gains presumably made by others who do not fail but are successful in business; and that, thus, if the state took over to itself all production and distribution, it would be able to balance the account.

This is a sheer presumption, however; there is no data for ascertaining these gains of the successful capitalists. And certainly the burden of showing that the presumption is reasonably supported by the facts of the case, is upon the socialist. On the contrary, such slight data of facts as are available would seem to point exactly the other way. It is a common saying that ninety per cent. of men in business fail; this, if true, would leave only ten per cent. of successful men to make up the losses of the others.

But there is another consideration which has a sure foundation of facts and figures to reason and build upon.

This is the enormous amount of capital which is visibly spent and lost upon unsuccessful enterprises of all sorts: public works, inventions, exploring expeditions, and other like enterprises. Some of these are of vast benefit to the whole community; but they often entirely fail to make any return to the owners and projectors, and must be set down as total losses of capital to be borne by somebody.

The subject brings us to the second omission of the socialists. They not only fail to show how are to be paid the losses by failures in business which private capitalists now pay—and which it seems reasonable to suppose will occur quite as largely, if not more largely, under the socialistic system—but they also fail to make provision for supplying the place of the many gifts or what perhaps may be called benefactions of capital to the public. By this term is not meant schools, colleges, hospitals, libraries and such like, which are sufficiently obvious and which doubtless the socialistic state might establish out of public taxes.

The benefactions meant are those services rendered by private capital employed selfishly and in the pursuit of private profit but which are of the greatest utility to the community, while often resulting in nothing but losses to the capitalist.

Conspicuous among these is the capital sunk in unproductive railroads—a capital so vast that it is hard for one to grasp the amount. Fortunately the data for this capital in the United States are easily accessible. *The Railway Age* of December 15th, 1893, gives the figures of failed railroads for the past ten years. 306 railroads with a mileage of over 67,000 miles and a debt in stock and bonds of over \$3,300,000,000 is the record of failures for that period. How much of this is merely capital on paper and how much real capital, how much of this real capital is made only temporarily unproductive to its owners, and how much is really sunk for the public benefit, never to be recovered, these questions cannot be exactly answered; nor is it es-

essential for the purposes of this discussion that they should. After all allowances have been made for watered stocks and bonds and for temporary losses to be repaid in better times, enough is apparent to show that there are real losses of capital of enormous extent and that these losses made by capitalists inure to the benefit of the whole community.

Some idea of the reality of these losses may be gained by a very slight examination of the affairs of one or two of the larger railroads which have failed recently. The Philadelphia and Reading Railroad Company failed in 1893 and is now asking from its income bondholders and stockholders a payment in hard cash of \$3,000,000 (for which they get nothing) simply to save whatever ownership they may have in the property from annihilation by foreclosure. Less than ten years ago these same stockholders paid \$6,000,000 for this same purpose.

The Atchison, Topeka & Santa Fe R. R. Company is now bankrupt. How much will be exacted from its unfortunate owners this time, there is as yet no means of ascertaining; but less than ten years ago, in its previous bankruptcy, the interest charges were cut down from \$11,000,000 to \$7,000,000, a loss say of one-third of its capitalized value, say \$50,000,000, at one fell swoop.

It is not necessary to mention to-day the Northern Pacific R. R. or the Union Pacific R. R. for these are so badly off that the attempt to ascertain how much money will be required to save them, has not yet been made.

In the two first named roads, however, we have positive figures, money actually paid, which show that it is no fanciful figuring on paper, but real losses that we are dealing with. But there is still another method of gauging the immensity of these losses; the capital stock of these two roads has fallen; in the Reading from over par, say about \$40,000,000 of dividend-paying stock to a market value of seven or eight per share, say about \$6,500,000, a loss of \$33,500,000; in the Atchison the stock fell from a market value of \$150,000,000 in 1879 to a market value

of from \$10,000,000 to \$25,000,000 in 1893, a loss of over \$100,000,000.

These are tremendous figures and, after all allowances have been made for speculative rises and falls and stock watering, their significance is very great as showing the magnitude of the losses sustained by private capitalists.

The census of 1880 reports 1017 railroads in the United States with a mileage of 87,781,097 miles, the cost of which was \$4,838,645,675.41. This included road-bed, cars, telegraph line, etc. Of this vast sum nearly one fourth had no remuneration. In other words the owners of \$1,209,000,000 of this property made a free present of the use of it to the public. Indeed, the public had a freer and more liberal use of it than if the owners had been paid, for insolvent roads are notorious for making low rates of traffic. One road advertised not very long ago to carry a passenger from St. Louis to Pueblo, Colorado, over 700 miles, for five dollars and another to take him from St. Paul to Chicago, 420 miles, for three dollars, say on an average one and a half miles for a cent. Here was an explanation of how the benefit of these vast sums was bestowed; it enriched the community. Calling the normal price of railroad travelling three cents per mile, it multiplied the wages of every man, when expended for travelling, by about four. The losses of the capitalist raised the wages of every working man four hundred per cent. in respect to his power to travel—no mean gift, even although an unwilling one.

But it is unnecessary to further dilate on this branch of the subject; he has a very narrow circle of acquaintances who does not know somebody who has lost, if not his all, an appreciable part of his property in some unprofitable enterprise. Railroads are prominent and easily identified forms of investment whose financial history all can follow, but there are plenty of other enterprises more or less useful to the community to which private capital is annually engulfed for the benefit of the public.

It is impossible to give figures or to calculate the losses

of time and money which are being constantly made by the great throng of inventors and investigators of every sort. They fail to make their invention or to discover the chemical compound or find the treasure of minerals or of oil they seek, but on the wreck of their fortune some other man steps forward and gives to the world the benefit of the labors of both.

Goodyear spent his life mixing substances with rubber before he found that sulphur would make of it a serviceable material. Edison sent all over the world for fibre to make incandescent lights before he fixed on bamboo. Howe was years inventing the sewing machine. How long Dr. Koch investigated the bacillus before he made his great discovery in Phthisis, is not known to the writer. These are only a few of the successful men, but they all, successful as well as unsuccessful, cost an enormous sum of money to support them and pay for their experiments. This sum is now paid by themselves or out of private capital which is loaned or invested by speculators, adventurers or capitalists in these enterprises in the hope of making vast profits. When they fail their losses are borne and paid out of private capital.

It is greatly to the advantage of our industrial system and of the well-being of the community that this constant search for new discoveries, new inventions and useful materials, this endless experimenting of every sort, should go on. If it should cease and every man of the vast host of dreamers and projectors should turn back to do some common-place routine work that instead of delusive and golden promises of future fortune would render them a daily subsistence, the western world would become another China, frozen into immobility and stagnation.

But if socialism should take possession of our industrial system and undertake to employ all men it would have either to put these men at some immediately useful employment or would have to undertake to support them out of the state funds, would have to tax each citizen to pay for this dreamer's work of experiments, which at

present is paid for out of private capital. It would have to pay the bill for all the failures that are daily occurring now, among business men, among inventors, in railroads, in the thousand paths of industry and the arts; or it would have to condemn industrial processes to stand still.

It is not unreasonable to suppose that the ordinary man who does none of these things but is simply an every day workman in the vast industrial system, the average man who makes up the majority of the world's population and on whose behalf and for whose benefit all these socialistic theories are broached, will have as great if not greater burdens to bear than before.

It is his welfare that the socialist puts forward to justify the new schemes of industrial production and distribution and surely it is not too much to ask that in some general, vague way there shall be an indication of how these vast losses are to be either eliminated or if, as it seems to the writer, they cannot be eliminated how they are to be paid when private capital which has hitherto paid them disappears.

Economics in the Magazines.

Under this head we call attention only to the articles in the current magazines on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

Bi-metallism v. the Single Standard. By Hon. L. Bradford Prince in *The American Magazine of Civics* for May. The writer assumes all the wildest postulates of the silverites, such as that there has been, since 1873, contraction of the metallic medium instead of, as he ought to know, an extraordinary inflation of it, amounting, in the standard silver portion of it, to \$1,300,000,000 for the world at large and about \$422,000,000 in actual coin, and \$157,000,000 in coinable bullion for the United States, all now circulating in form of silver notes and exerting all the influence that inflation of currency can exert over prices. He then attempts to controvert the Ricardian law of cost of production without knowing what the law is. He supposes it to be that the price of each article produced is determined by its own cost of production. No economist imagines any such absurdity. As stated by Ricardo and Roscher, the law of determination of price of freely producible commodities, by cost of production, is that the price tends to equal the cost of producing the most dearly produced portion of the commodity continuously supplied to the market.

The most pernicious error Mr. Prince could commit is to compare a law restricting silver's free coinage as if it were a law diminishing the quantity of silver used. He ought to know that the same fact which causes all nations to close their mints to free coinage of silver, *viz.*, the fall in value of silver, greatly enlarges the actual coinage of silver, because it supplies a motive of interest and profit on its coinage, either to government or to individuals, which constantly increases as its value falls. The actual coinage of silver dollars in the United States since 1834 and prior to 1890 has only been stopped for the five months from

November, 1877, to April, 1878. Until 1873 we had legal free coinage but no actual coinage under it except as the Treasury re-coin its foreign coins, because silver was worth three per cent. more to melt than to coin. From 1873 to November, 1877, we had free coinage of trade dollars, under which the actual coinage was active and brisk after silver fell below 88. From April, 1878, onward we had an actual coinage of about \$27,000,000 per year in standard dollars, which was $3\frac{1}{2}$ times more each year until 1890, than had been coined in the entire century prior to 1873. When Mr. Prince compares this state of facts to a law of Congress "forbidding any grinding of corn into meal or its use as food," he shows that he does not know that the fall in the value of silver has had the effect to greatly increase the quantity used throughout the world. He cannot distinguish between a legal restriction on the freedom of its coinage, superinduced by an excessive tendency toward its actual coinage, and an actual diminution in its coinage. He is like a man who infers a total disappearance of rabbits from Australia from the fact that the government has passed laws designed to limit their numbers. He forgets that, had not the tendency of rabbits to breed been beyond the power of the government to check, no laws would have been framed to that end. So when silver bullion falls to 88 cents on the coined dollar, the tendency of silver toward coinage is like the tendency of rabbits in Australia to breed. All the laws limiting silver coinage, therefore, have been in the nature of dams against a crevasse: instead of proving the existence of a silver famine, they prove a silver flood. Instead of showing silver to have been eliminated from the money supply, they show a money supply overlaid and saturated and expanded by silver.

BICYCLES.—*A Marvel of Mechanical Achievement.* By Robert Perkins in *Engineering Magazine* for May. A history of the development and manufacture of this delightful mechanism.

CITY RAILWAYS.—*The People's Highways.* By Prof. Frank Parsons, in *The Arena* for May. An ardent and not always accurate argument for a two-cent fare on the street railways of cities. It alleges that the fare for passengers in cars over the Brooklyn Bridge is two cents, whereas it is three. It cites a road in Buda Pesth, running at two-and-a-half cents fare, which, in view of current rates of wages in Austria-Hungary, is identical with five cents in the United States. The effect of state ownership of telegraphs in England to convert profitable telegraphing into telegraphing by taxation, is not regarded. The article contains many statements which, so far as verification would sustain them, deserve notice, and so far as they are inaccurate need contradiction.

DYKING.—*How Holland was Made.* By Foster Crowell in *The Engineering Magazine* for May. An elegantly illustrated economic article showing the processes and the cost of lifting up a country out of the sea, and the degree to which and cost at which this uprising of Holland from its ocean bed is advancing. A population of only 4,500,000 have recently spent on four comparatively modern canals \$43,000,000, while the works now in contemplation on the Zuyder Zee will cost \$126,000,000, a sum as great to keep water out as California has expended to introduce water on her deserts. Such a spectacle adds new point to the fine humor of Washington Irving, in Dietrich Knickerbocker's History of the Nieuw Nederlandts, when he represents the Dutch as at first discarding Manhattan Island as the site of their prospective town because one could not dock out far without coming to deep water, which made docking-out expensive. They naturally preferred Communipaw and Raritan Bay flats where they could dock out to any distance at a very small cost.

EVOLUTION.—*The Great Steamers of Long Island Sound.* By Wm. A. Fairbairn. A pleasing study of a nearly modern instance of "differentiation from the homogeneous to the

heterogeneous, accompanied by an ever-increasing complexity of structure and proportionately enlarged integration of matter" which would delight the soul of Herbert Spencer himself, as one of the most imposing illustrations of his law of progress.

GOLD AND SILVER.—*The Battle of the Standards and the Fall of Prices.* By Edward Atkinson, in *The Forum* for April.

It will require more temperate debators and more level-headed thinkers than Mr. Atkinson to adjust the difficult intellectual problems connected with the present parting in value between gold and silver. Many of his statements, such as "the panic of 1893 was caused wholly by the attack upon the unit of value by the advocates of the free coinage of silver," are wholly untrue. So also is the reckless and foolish statement that "the existing discontent, the struggle between laborers and capitalists, the violent strikes and disorders which have marked the last few years are all due to the bad financial policy which promotes a false distribution of the joint product of labor and capital."

Atkinson never ceases to be conscious that Mr. Blaine wrote from Vienna the instant Cleveland adopted the free trade and ex-confederate policy in 1887, that it would bring on a financial crisis of the first proportions; Conkling went to Ohio during the Garfield campaign to proclaim the same fact. Many leading orators had declared it would cost the country a fourth of all its values or not less than twenty thousand millions of dollars to elect Cleveland on a free trade platform with a Democratic Congress. Whoever made these prophecies were denounced as croakers by Atkinson and his small following. Now that these predictions have been all fulfilled, their fulfilment in the form of failures and contractions setting in on the very day after the election, Mr. Atkinson's attempt to ascribe the panic to the silver issue, which was nineteen years old when the panic began, looks like an effort to hide his remorse.

INCOME TAX.—*The Income Tax.* By Hon. George S. Boutwell in *The North American Review* for May. Mr. Boutwell ignores the distinction between the terms “direct” and “indirect” taxes, made clear by their mode of use among modern economists, *viz.*, that an indirect tax is one whose incidence shifts—*i. e.*, which is first paid by one person and then, by adding it to the price of a commodity, is ultimately collected out of another. Whoever attempts to discuss the problem of direct and indirect taxes without this clue cannot fail to flounder in a hopeless muddle. Ex Secretary Boutwell says (p. 590): “Every tax upon a man or a thing is a direct tax and in this large and every-day meaning of the phrase, it follows that capitation taxes, land taxes, excise duties and imports are one and all direct taxes. No one, however, whether advocate or public writer, has ever contended for this construction of the Constitution.”

This sentence is as sententious as it would be to say all quadrupeds that can stand on two or four feet are, in the large and every-day meaning of the phrase, men, but no naturalist or ethnologist admits this fact.

Direct taxes, in the American sense of the term, began to exist in the colonies as a broad class, distinguished from indirect when the Parliament by an act, passed in the reign of George II., provided for something that had never existed under British legislation, *viz.*, a sale of the fee in or title to lands themselves for non-payment of taxes, as well as in execution as for debts. This laid the foundation for collecting state, municipal, and local taxes directly out of land-owners through the sale of lands, a proceeding which leaves no doubt as to where the incidence of the tax finally rests. In England the distinction between direct and indirect taxes is hardly made at all. The ultimate incidence of taxes is involved in such a cloud of metaphysical and disputable arguments that a careful perusal of Adam Smith's long dissertation on taxation not only reveals no clear or intentional use of the

term "direct taxes," but results in the conclusion that—except poll taxes, which are there only spoken of as being in use in the Southern American colonies, and taxes on ground rents, as distinguished from building rents, which is a speculative and not a practical case—no case of really direct taxes occurred to Dr. Smith's mind.

The system of laying direct taxes on lands seems, therefore, to be indigenous in America, but at the adoption of the Constitution was in full practise in all the states. It bears no resemblance to either the English rate, tythe or so-called land tax, which accounts for the very small light English economists throw on the subject.

IRRIGATION.—*The Conquest of Arid America.* By Wm. E. Smythe in *The Century* for May. The writer says of the arid region: "From North to South it measures as far as from Montreal to Mobile. From East to West the distance is greater than from Boston to Omaha." It begins at the one hundredth meridian and continues, in part, to the Sierra Nevadas. Utah is its centre. "The economic structure of the state founded by Brigham Young approaches marvelously near to perfection." "It was actually an improvement upon nature to be able to turn the rain either on or off with equal facility." "The hired president of the greatest railroad system is a servant. The proprietor of twenty unmortgaged acres, planned with a view to the production of nearly all that is consumed, and insured against failure by the irrigation canal, is a sovereign." He credits the Mormon church with having expended \$542,900,000 in developing Utah, all of which wealth was created by the people of that Territory through irrigation. His pictures of the farm villages of Utah, of Greeley Colony in Colorado, and of the work of irrigation in Arizona form an interesting and suggestive lesson in practical economics. The very lowest estimate of the capacity of the arid district is that it ought to be made by irrigation to sustain a population at least equal in wealth and numbers to the present population of the United States. On its irrigation depends largely the

problem whether the growth of the republic shall be arrested where it is.

IMPROVEMENT OF CITIES.—*The Municipal Work and Finance of Glasgow.* By Prof. Wm. Smart in *The Economic Journal* (Br. Econ. Assn.) for March.

An interesting account of the organization of the city government of Glasgow, its sources of revenue and modes of expenditure, its city improvement system—public parks trust, police commission, markets trust and gas trust. The mode of conducting city improvements is attracting attention. Prof. Smart under this head says: “In 1866 was passed an ‘Act for the Improvement of the City of Glasgow.’ The preamble bore that, ‘whereas, various portions of the city were so built and the buildings thereon so densely inhabited as to be highly injurious to the moral and physical welfare of the inhabitants, and many of the thoroughfares were narrow, circuitous and inconvenient, and it would be of public and local advantage if various houses and buildings were taken down and those portions of the said city reconstituted,’ the trustees were authorized to enter upon, take, and use certain lands and houses scheduled.

“The sum required was estimated at half a million, and powers were taken to impose, on occupiers only, a rate of 6*d.* per £ for five years, and 3*d.* per £ for ten years thereafter. Before 1878, more than half the property acquired had been reformed and sold at good prices. But following the disaster of the City of Glasgow Bank, came a great fall in the value of land and buildings, and for some years there was no market for the trust property. A new generation of rate-payers forgot that the scheme had for its first object to clear the city of some very foul blots, and were disposed to judge of the property, now hanging fire, as they would of any ordinary investment. Of late years, however, the trust has had more justice done to it by public opinion, and its work has some of the recognition at home which it undoubtedly has long had abroad.

"Since the inception of the trust the total cost of property acquired is £2,029,776, over a million of which has been disposed of. Meantime the liabilities—for the most part mortgages and temporary loans at 3 per cent.—are £1,032,953, and the assets £904,098, being an excess liability of £128,855. This is the deficit which would have to be made good if the trust were wound up at the present moment. The total annual expenditure is £49,229, of which £30,464 is interest, and £8,022 expenses of running the lodging-houses. The total revenue is £55,418, consisting chiefly of feu duties, £13,621; rents, £12,556; returns from lodging-houses, £11,791; and proceeds of the ½d. per £ assessment, £7,567. This leaves a surplus revenue of £6,188, which goes to reduce the excess liability. No formal sinking fund comes into operation till the assets of the trust are realized.

"There are two items in the work of this trust of much interest to the economist; the model lodging-houses, and the model tenements. The former consists of seven model lodging-houses (one reserved for women), valued at £86,261. The revenue got from 194,283 nightly lodgers at 4½d. per night, 22,229 at 4d., 502,382 at 3½d., and 36,013 (women) at 3d., amounted to £11,791. The expenses, including depreciation, amounted to £8,022, showing a return of £3,769, or £4 7s. 6d. per cent. For this undertaking there is little but praise. The latter experiment is more doubtful, both in purpose and success."

MACHINERY.—*Educational Influence of Machinery.* By Alex. E. Outerbridge, Jr., in *Engineering Magazine* for May. Mr. Outerbridge combats with great force the almost settled notion that working with machinery lessens brain power. He advances the unique theory that machines embody the special type of brain force possessed by their inventors and constructors, just as books, paintings, statuary and all other works of constructive art do; thence he holds that, through machines, the inventor and mechanic are constantly exerting an educational influence as truly as such

an influence is constantly proceeding from Newton's "Principia" or Goethe's "Faust."

RESPONSIBLE GOVERNMENT.—*Why Canadians do not Favor Annexation.* By Jno. G. Bourinot, Clerk of the Canadian House of Commons, in *The Forum* for May. A compendious argument for the superior working of the Canadian over the American system of federal government. The chief point of superiority claimed is the non-partisan executive, resignable ministry, and dissolvable legislature which Canada obtains from England and which the United States failed to obtain largely because at the period of our separation from Great Britain the responsible system had not yet developed in that country. Incidentally, also, there follow in connection with the non-partisan executive secured under the Canadian system, a permanent and non-political public service, an appointive and non-political judiciary, vigorous laws against public corruption, the trial of contested elections to the legislature before the courts, instead of before partisan committees, the separation of national from municipal politics, and the infrequency of political elections. To these Mr. Bourinot might fairly have added the superiority of the Canadian banking and currency system and the higher respect in which the people hold the law-making class, the law-administering class and the law itself. Of late years Mr. Bourinot must have recognized that a counter argument, more or less forcible, has arisen in favor of the American system through the criticism of English writers on what they call "the government of gabble" meaning thereby the unlimited power of talking down and obstructing all legislation in the House of Commons, of which the Parnell reign, and the Home-Rule campaigns are illustrations. Still later it is urged that "Caucus" rules the House of Commons to such a degree that no vote of want of confidence in a ministry is possible, since political honor and party fealty bind every member elected to sustain a party leader to stand by him. This reduces the so-called responsible system to an oligar-

chy made up of cabinet and caucus only: Thus, under the forms of responsible government, the substance drops out, since the only way in which a vote of want of confidence can come upon a political chief is through some one or more of his followers consenting to commit a breach of party fealty with the certainty that this, instead of affecting the career of the ministry, means political hari-kari to the offending member. The preference expressed by Mr. Bourinot for the responsible system has been justified by much in the past and may still be well deserved in Canada. But if England is working past it, as these criticisms would indicate, it may prove to be a fashion rather than a system, and therefore dependent for its permanency on the adhesion of the men who administer it to the belief that it best promotes their interests.

SPIRITUOUS LIQUORS.—*The South Carolina State Dispensary.* By R. I. Hemphill. The pith of the article is found in the sentence, "Before the law was in operation one thousand bar-rooms were in full blast in this state. Now we have less than a hundred dispensaries, managed by men of good standing, who are abstainers, and have the respect of the communities in which they live. Dispensers are paid regular salaries; they have no inducement to solicit trade, and are not expected to do so." All liquors are sold in unbroken packages before six o'clock in the evening, and none can be drunk on the premises. The custom of treating and social drinking is broken up, and the bar-room, considered as the local news exchange and poor man's forum for the discussion of politics, seems to be abolished. There is an aristocratic bearing to such a law which has not been fully considered. In South Carolina, the aristocratic sentiment of those who use the wine only at their tables combines with the religious and prohibition sentiment of those who would not use liquors for any purpose. This "combine" abolishes the bar-room and the treating custom, which have been the arena in which the demagogue and political bumper have usually come

into contact with the American Democracy. The testimony seems to be that the liquor dealers are leaving the state. Now, if the political leaders will substitute outspoken debates and "barbecues" for the still hunt in the bar-rooms, and supply the people with roast oxen and more or less instructive speeches in lieu of shot-gun intimidation, and give them an honest count of all votes in place of a pre-determined white supremacy resting on fraud or force, the State of South Carolina may soon become as well instructed and as progressive as our most advanced and enterprising states.

TRADE.—*Our Trade with China.* By Worthington C. Ford, in *The North American Review* for January. Mr. Ford shows that Americans get but a seventh as much trade in cotton goods with China as the English, while the Russians have half the trade with China in petroleum. Meanwhile Chinese tea is superseded by the teas of British India and Ceylon, and Chinese silk is being crowded out of the American market by the silks of Japan and Italy. Mr. Ford does not perceive that the reason Chinese trade with America declines is that neither the Chinese nor the Americans are willing to fight for it, while British trade is keenly fought for, and banked on, at every point.

Among the Books:

The Cause of Hard Times. By URIEL H. CROCKER. Little, Brown & Co. 108 pp.

The author ascribes the hard times of 1893-4 to the alleged fact that production had run ahead of demand. The production of votes opposed to the continuance of the protective system, had run ahead of the demands of common-sense and had induced a phase of popular lunacy, which is now expending itself in legislative incompetency. If the author will take a file of the New York *Tribune* and examine every page from Nov. 8, 1892, to Jan. 1, 1893, he will see that the crisis set in on the day of the announcement of Cleveland's election, Nov. 9, 1892, with the cancelment of four heavy orders on manufacturers. This was repeated day by day for a few weeks, and by Dec. 15, 1892, the closing of rolling mills and factories had got well under way, and banks in solitary instances were beginning to fail. The Republicans would have been at fault in not making provision for superseding and retiring the greenback issue, and substituting a bank-note issue redeemable in coin, in place of the war currency, if the other political parties had possessed the intelligence and the spirit which would have rendered a return to the sound banking system and a currency redeemed in coin instead of in government notes possible. But there was not then, and is not now, intelligence enough among the people at large to make it possible to do anything really wise or sound. The campaign of popular education has not yet got far enough so that the masses of the American people perceive or would sanction the measures most essential to their welfare. Since political parties cannot recommend with safety what the people do not understand sufficiently to favor, American finance is now in a state of chronic paralysis waiting for the common people to understand problems upon which the leaders of both parties are in an exceedingly belated and ill-equipped condition.

Adoption and Amendment of Constitutions in Europe and America.

By CHARLES BERGEAUD, translated by Charles D. Hazen (Smith College), with an introduction by John M. Vincent (Johns Hopkins). 353 pp. Macmillan & Co.

A most interesting manual for the study of the documentary and legal origins of constitutions (written and unwritten) as distinguished from the social, economic and customary sources which are not touched upon. For instance, the antetype of the American constitutions, in a documentary sense, may be the "agreement of the peo-

ple" adopted by Cromwell's soldiers, but the social reason why no order of nobles or patricians or privileged classes was outlined in American constitutions was the comparative equality of land ownership among the white males of the whig party of the colonial period, which was an economic fact. So the reason why no king was created or made part of the American system was that no individual had out of his private means equipped and paid the armies whose success created the state. This again was an economic fact, the very opposite of the conditions surrounding Cæsar—who had run in debt \$15,000,000 in political expenses, *i. e.*, in debauching the people, before he attained his first office—or Napoleon, who was a penniless adventurer, until furnished with troops enough to tap the treasuries of the Italian cities and petty states. Constitutions, written or unwritten, do, doubtless, embody principles which are made to act coercively on legislation when there is a strong popular passion calling upon the courts to exercise this coercive power upon the legislature in behalf of what is hailed for the moment as the fundamental law, because it is at the time also the fundamental social desire, impulse and passion. This is especially seen in the recent decision of the Supreme Court declaring the income tax unconstitutional. This had always been good and sound law, but had never been declared so by the Supreme Court until there arose behind the Supreme Court the indignant, dominant, passionate determination of the great mass of the people that the federal tax collector should not be made the agent of the very small socialist faction who were desirous to use the taxing power as a means of punishing thrift and equalizing private fortunes. This gigantic motive could hardly have been in the minds of the framers of the American Constitution when they declared that direct taxes should only be collected in proportion to population and through state governments, though they may have dimly foreseen that there might come to be such a thing as pauper states divided against millionaire states. A sentiment which was, at the most, latent in the minds of the framers, proved to be dominant in those of the expounders of the Constitution.

Dr. Borgeaud, the author of this treatise, is a profound European constitutional historian, and he seeks in this manual to condense the best results of the highest scholarship as to the mode in which the people have been making and changing their constitutions during the century past. He does not enter on the difficult issues as to the value or success of these changes, nor as to the relative merits of different systems or modes of government. His book is not, therefore, a study in comparative political science, like those of Burgess, Guizot

or Wilson. It is an exposition, rather, of the process of hatching governmental ideas, clauses and constitutions, including the action of the constitutional convention, the plebiscite and the referendum, with which last process he identifies what we in America call the submission of constitutions to the popular vote. His theme is satisfactorily covered for the United States, France, Switzerland, Scandinavia and Germany, but does not seem to embrace either Great Britain or her colonies. A statement of the evolution of parliamentary and responsible governments out of kingcraft and bishopcraft in the United Kingdom would have been strictly germane to his main topic, and an outline of the transition from colonial dependence to the system of coöperative association, now recognized as in full potency between England and her chief dependencies, is necessary to complete the view of constitution-making as a process which is here undertaken.

Socialism—The Fabian Essays. By G. BERNARD SHAW, SIDNEY WEBB, WILLIAM CLARKE, SYDNEY OLLIVIER, ANNIE BESANT, GRAHAM WALLAS and HUBERT BLAND. Edited by G. BERNARD SHAW. With an essay on the "Fabian Society and Its Work," by WILLIAM CLARKE, and an introduction to this American edition by EDWARD BELLAMY, author of "Looking Backward." Boston: Charles E. Brown & Co.

This is a treatise in aid of what its authors suppose to be (p. 169) "insurrectionary economics." But they are mistaken in this supposition. An insurrection requires men, organized and drilled into an army, or it flashes in the pan and degenerates into the mere hanging of a few anarchists, as at Chicago, in 1886. To support an army requires money and loans. To obtain money and loans requires business, a control of industry and credit; and the class who have business, the control of industry and credit, do not want any "insurrectionary economics."

All the good that can come of telling half truths that have the force of lies will come of this book—*i. e.*, its readers will gradually be led to discover their character.

For instance, Edward Bellamy, in the preface, repeats, as evidence of obvious injustice, that, under the census of 1890, 9 per cent. of the population own 71 per cent of the aggregate wealth, meaning, of course, productive wealth, or the means of industry as distinguished from the means of enjoyment and subsistence, or the annual fruits of industry. To tell his readers that 9 per cent. of the population consume annually 71 per cent. of its consumable wealth

would be a straight-out lie of enormous dimensions. But Mr. Bellamy states the former half truth in so loose a way that the ignorant will derive from it the impression that it relates to means of consumption and that 91 per cent. of the people of the United States are compelled to divide among themselves each year only 29 per cent. of the total means of support available from industry, while the 9 per cent. gorge themselves upon the remaining 71 per cent.

Mr. Bellamy and all Bellamyites are constantly discussing a question of relative means of support, means of subsistence—not of control or power. If Bellamy would say to his Bellamyites, "Bear in mind that the kind of wealth which is distributed in this way does not include wealth that is capable of being consumed by you or by them in any mode of sustenance or enjoyment. It all consists of property, which in its very form of lands, machinery, houses, furniture, commercial stocks and other investments regarded as sources of profit, is totally unconsumable except by their use by society at large. What its owners get out of it is control, which means the power to get a profit out of it by employing labor in connection with it."

Had he said this, he would have revealed to the Bellamyites that this disproportion in ownership of non-consumable wealth, instead of laying bare a case of unequal consumption, really exposes a case of consumption which is slow, but in the long run equal. Our railways are profitable in proportion as all the world consumes them by riding in them. Our farms are profitable only as all the world consumes equally and amply their crops. Our factories, mines and furnaces pay in proportion as all the world enjoys their product. Thus this whole fund of productive wealth is profitable in the degree that it is constantly undergoing consumption at the hands of the largest possible number of persons.

But apart from this, there is each year brought into existence by means of this fund of productive wealth, considered as implement, an annual subsistence fund of about one-fourth the value of all the productive wealth. This, for the United States, would be \$15,000,000,000. Of this, how much do the ninety-one per cent. of population who live by their labor get for their annual support? They get about eighty-seven per cent. Four per cent. of the total annual production of consumable products goes to the more abundant personal consumption of the capitalistic class in excess of the equal per capita share which they receive in common with the workers. If Mr. Bellamy will spread this truth before his readers he will become an economist. So long as he withholds and suppresses it, he is a socialist. The same criticism applies to every other statement in the book tending toward "insurrectionary economics." There is nothing whatever of "insurrectionary economics," except ignorance of actual economics.

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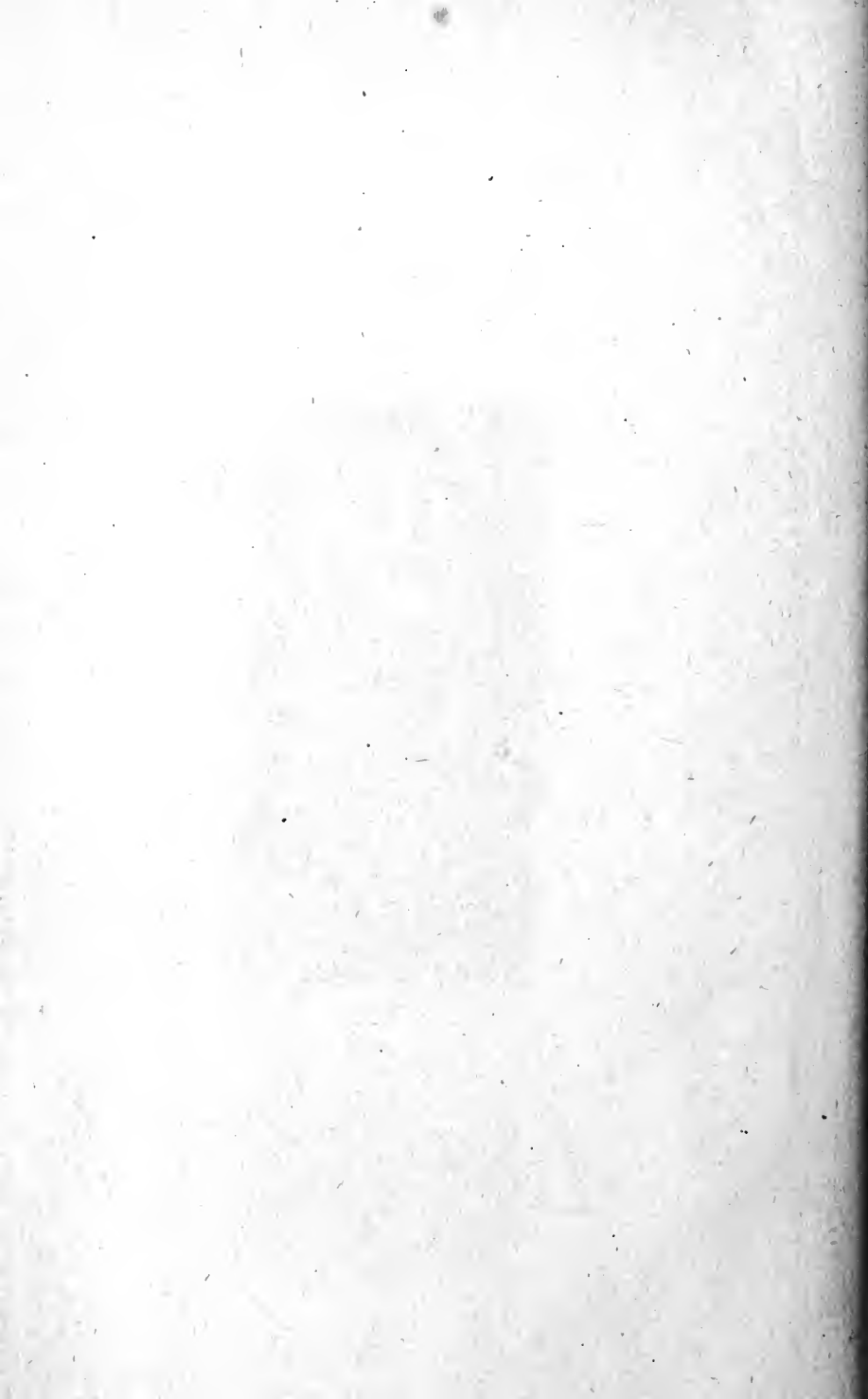
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